The Financial Times, November 19, 1976

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NEWS SUMMARY

GENERAL

BAC oil for arms deal

The British Aircraft Corporation has signed a £400m. deal with the Iranian Government to supply the tracked Rapier missile in exchange for crude oil.

The crude will be marketed outside the U.K. by Shell. The deal, worth over £100m. more than when it was first revealed last December, took eight months of complex negotiations to complete. Page 8

Shadow Cabinet reshuffle planned

Mrs. Margaret Thatcher, the Conservative leader, is to announce a substantial shadow Cabinet reshuffle to-day ahead of the new Parliamentary session which starts on Wednesday. Back Page

Rees not drawn on deportation

Mr. Merlyn Rees, the Home Secretary, told the Commons he would not go into greater detail about the grounds for seeking to deport two Americans, Mr. Philip Agee and Mr. Mark Hosenball. Page 16

Beirut airport back in business

Beirut airport opens to-day after several months of closure because of the civil war. Middle East Airlines is sending in flights from Paris, Geneva and Rome. Pages 5 and 8

Spanish suffrage

The Spanish Cortes last night voted in favour of direct elections by universal suffrage to a new two-tier Parliament. Back Page

UDR man killed

A part-time Ulster Defence Regiment member was shot dead on a Londonderry building site, the fifth UDR man to die in 11 days.

Rhodesia talks

The Rhodesia talks in Geneva are expected to resume to-day with the participation of all delegations on the questions of the structure of the interim government. Back Page

Peace moves

Israel feels the time has come to make a response to President Sadat of Egypt's statement that he was prepared to sign a peace agreement in return for withdrawal from occupied territories and the establishment in them of a Palestinian state. Back Page

No sale

A plane-load of Belgian shoppers arriving at Southend Airport yesterday faced a bewildering choice of destination. Shopkeepers from both Southend and Romford had sent coaches to collect the arrivals. However most of them decided to travel by train to London.

Water flows

Water restrictions have now been lifted from all areas except South, West Yorkshire and parts of Humberside. Page 10

Briefly . . .

Winner of the Miss World contest was Miss Jamaica, 22-year-old Cindy Breakspeare. Miss Australia was second, Miss Guam third and Miss U.K. fourth.

First Manx Nationalist has been elected to the House of Keys in the Manx General Election.

American-born painter-photographer Mr. Man Ray died at his Paris home aged 86.

A rescue boat is to be stationed at Loch Lomond for the first time in an attempt to cut the death toll among visitors.

Mr. John Stonehouse's debts are now estimated at £816,000. Page 13

A third polio case has been confirmed at Rochdale in Lancashire.

BUSINESS

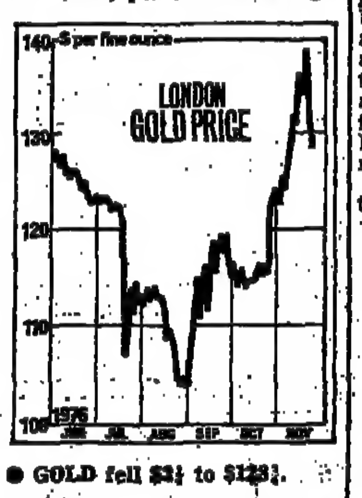
Wall St. rises 12; equities gain 5.9

● WALL STREET rose 12.05 to 950.13 after a less-than-expected downturn in Gross National Product in the third quarter and encouraging words from Mr. Jimmy Carter's staff about the Treasury Secretary's role. Page 4

● EQUITIES continued to improve. The FT 30-share index gained 5.9 at 317.0. Rises led falls in Industrials by 7-to-2.

● GILTS were firm, with gains ranging to ⅜.

● STERLING's weighted depreciation narrowed to 44.8 (45.1) per cent. but it slipped 10 points to $1.6590 after early gains. Dollar's weighted average was 2.16 (2.22) per cent. Back Page



● GOLD fell $3¼ to $123¾.

● U.S. MONEY SUPPLY: M1 $310.4bn. ($310.4bn.); [illegible] $730.8bn. ($728.3bn.).

● JAPAN SHIPBUILDING output is to be cut by less than previously indicated in the next two or three years. Page 11

● FORD MOTORS' Halewood plant is expected to resume production to-day. News Analysis, Page 15

● MASSEY-FERGUSON has been given the go-ahead by the Employment Department to pay rises of up to £20 a week to nearly 2,000 white-collar workers, despite the pay policy restrictions. Page 15

● AUSTRALIA has rushed through legislation to block U.S. anti-trust action against four Australian uranium companies, including the Ranger Partners, EZ Industries, Peko Mines and Mary Kathleen Uranium, the CRA subsidiary. Page 5

● RANK XEROX has warned that it will have to make major redundancies unless factory staff work harder.

● CHARTERHALL FINANCE is increasing its stake in the offshore Buchan Field, which may be declared commercial shortly. Page 13

Booker bids for Kinloch

● BOOKER McCONNELL is making a £10¼m. take-over bid for Kinloch (Provision Merchant) conditional on the Kinlock Board's agreement. Shareholders are being offered 200p a share in cash. Page 26 and Lex

● STOCK EXCHANGE chairman Mr. Nicholas Goodison urged the financial institutions to set up a new City regulatory body similar to the Takeover Panel but with a wider supervisory role. Back Page

● CARTER HAWLEY Hale, the U.S. store chain, regrets that it bought a 20¼ per cent. stake in House of Fraser in 1974. Back Page

● BEECHAM first-half profits rose £19.8m. to £55.4m. Page 26 and Lex

● ASSOCIATED ENGINEERING is making a one-for-four rights issue to raise £9.52m. Pre-tax profits in the year to September rose to a record £21m. (£13.73m.). Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 13½pc 1986	£100	+ ½
Akroyd & Smithers	165	+ 8
Allen Harvey & Ross	340	+ 35
Bass Charrington	73	+ 3
BATs Ind. Defd.	226	+ 7
Beecham	340	+ 8
Boots	100	+ 6
Bridgend Processes	13	+ 2½
British Steam	53	+ 5
Cater Ryder	210	+ 15
Davy Intnl.	123	+ 6
Dennis (J. H.)	35	+ 5
EMI	216	+ 10
Furness Withy	168	+ 5
Glaxo	370	+ 8
GKN	240	+ 5
Hammerson "A"	237	+ 7
ICI	310	+ 5
Imry Property	123	+ 8
Int. Paint	275	+ 15
Kleeman Industrial	160	+ 18
Lucas Ind.	193	+ 8
Metal Box	240	+ 7
Reckitt & Colman	323	+ 9
Seccombe Marshall	230	+ 20
Taylor Woodrow	216	+ 8
Union Discount	275	+ 15
Vickers	120	+ 4
Wedgwood	173	+ 15
BP	714	+ 14
Ultramar	108	+ 8
Free State Geduld	£11¼	+ ¼
Free State Saaiplaas	98	+ 6
President Brand	£10	+ ¼
FALLS		
Hield Bros.	7½	− 2
Midland Bank	232	− 4
Nat. Westminster	196	− 4
Rand Selection	450	− 10
Union Corp.	245	− 15
Western Mining	145	− 5

Government imposes lending squeeze

BY MICHAEL BLANDEN

A STIFF SQUEEZE on bank lending has been imposed by the Government in a dramatic effort to bring the money supply under control.

The move follows preliminary evidence that the money supply was still growing too fast last month, in spite of measures taken previously to bring it back into line with the target of 12 per cent. for the current year.

The mid-October banking figures to be published on Monday are now expected to show a further rise, probably about 1 per cent., in the wider definition of money stock (M3) following the excessive increases recorded in the period up to September.

It was made clear yesterday that the International Monetary Fund team, headed by Mr. Alan Whittome, now in London to negotiate the U.K.'s $3.9b. stand-by credit had been informed of the new measures and given its approval.

The new measures re-introduce the controls over the growth of the banks' interest-bearing deposits which is known as the "corset." This is being applied in a much stricter form than the last time it was used, and leaves little, if any, room for any further rises in bank lending over the next six months.

They follow measures already taken to hold money supply down, including the jump in minimum lending rate.

At the same time, the Government announced changes in the exchange control rules which effectively remove a remaining vestige of the U.K.'s position as the centre of the sterling area by stopping the use of sterling finance for third country trade.

That move is expected to bring an inflow of several £100m. of foreign currency during coming months. It is also hoped that it will help to relieve some of the pressure on the banks by releasing funds at present tied up abroad for appropriate domestic uses.

It was emphasised yesterday that the moves should not be regarded as part of the economic package which the Government is expected to introduce soon to meet the IMF's terms for granting the credits.

It is clear that after the latest figures, the Government will find it difficult to meet the monetary targets for this year. Greater restraint is expected to be imposed next year.

The October money supply figures have come as a shock in a period when it had been hoped that the large sales of gilt-edged stocks would stabilise the monetary aggregates.

The main cause appears to have arisen not in the public but in the private sector, with another rise in bank lending indicated by the figures published for the clearing banks last week. The continued expansion in bank lending is felt to be out of line with the present state of the economic recovery.

The loans have not been going out to finance a significant growth of new investment. Lending has risen for reasons which include the extension of leads and lags over the foreign exchange markets by big companies in an effort to protect themselves against the decline in sterling.

> Minimum Lending Rate may fall to-day by quarter of a point from its present level of 15 per cent. but the Bank of England yesterday intervened in the money market in order to prevent a steeper decline. Back Page

There has also been some precautionary borrowing in anticipation of tighter credit control.

The controls are aimed at restricting the overall growth of lending while leaving the banks some flexibility to meet the needs of priority customers. Yesterday's notice re-affirmed the priority to be given to financing industry and exports.

The initial response from the big banks was that the controls would mean no expansion for the next six months at least. It is recognised officially that, given the base on which the controls are to be exercised, some banks may already be over their prospective limits and will have to cut back their total lending.

This will mean that there will be a tight squeeze on sectors such as personal borrowers which are low on the list of priorities.

Under the revived controls, the banks are subjected to heavy penalties if their interest-bearing eligible liabilities (their main deposit funds) grow by more than a certain amount. The limit is based on the average of the three months to October, and the growth rate is 3 per cent. for the first six months and ½ per cent. a month for an additional two months.

This limit is much tighter than the 1½ per cent. a month growth applied when the controls were previously in force in 1974. It means that the banks will be unable to rely on increasing their funds significantly by borrowing in the money markets, and any rise in lending will have to come from the natural growth of current account funds.

There should, it was suggested, be some help from

Continued on Back Page
Bank notices, Page 10
Editorial Comment, Page 22

NEDO wants two-tier State Boards

BY ADRIAN HAMILTON

THE TRADITIONAL arm's-length relationship between nationalised industries and Government has failed, and must be replaced by radical new structures, said a highly critical report by the National Economic Development Office yesterday.

The report, which has aroused a distinctly cool response from Government Departments and nationalised industries, is one of the most scathing studies yet made of the relationship between Government and business.

Its own recommendation is for establishment of two-tier Boards for each of the main nationalised industries.

One Board, the "Policy Council," would include civil servants, unions and representatives of consumer interests, as well as executives of the corporation, and would be headed by a powerful part-time president with considerable security of tenure.

Its job would be to lay down guidelines for performance, long-term strategy and social aims which would then be carried out by the executive Board, appointed by the council.

Personalities

The object of the change would be to formalise Government and union pressures in a way that would give greater stability to planning and freedom from interference for executives.

It would, however, involve a considerable change in present corporation structures, requiring both legislation and an inevitable problem of personalities.

Public reactions yesterday were relatively muted. Few in Government or the public Corporations were prepared to comment.

Strong opposition to the proposal seems likely from some of the leading nationalised chairmen such as Mr. Denis Rooke, of the Gas Corporation, Sir Frank McFadzean, of British Airways, and Mr. Peter Parker, of British Rail.

Their main objections would be that the new proposals might make work more instead of less difficult by adding a further layer of Government intervention to their affairs.

Far from being replaced, they say, the traditional arm's-length relationship needs to be strengthened and renewed.

Ministers and civil servants are thought to be cool about the proposals, partly for fear of upsetting relations with the new chairmen.

But the report has received some support, most notably from Mr. Nigel Foulkes, chairman of the British Airports Authority, who was a member of the study team which endorsed the findings.

Sir Derek Ezra, chairman of the National Coal Board, also welcomed the report last night, while indicating his satisfaction at the progress in developing his current tripartite "Plan for Coal," and stressing the continued need for direct access to Ministers.

Among the Government the most sympathetic appeared to be the Department of Energy. Union response is one of some interest in the potential for the unions in the proposals.

The report comes out at a time when the structures of the Corporations will come under review as a result of the employee participation investigation of the Bullock Committee, although this is not considered in the document.

NEDO Report, Page 17
Editorial Comment and Problems of State Industries, Page 22

A separate internal Whitehall study of the nationalised industries is being conducted by a committee under Mr. Alan Lord, of the Treasury. This has met only twice, and seems unlikely to make proposals of its own.

Plans to try new forms with the Post Office also seem to have stuck for the present.

Nevertheless, the participation issue, while delaying response to the study, could also help accelerate implementation of at least some of its findings on financial controls, consumer participation and capital restructuring.

The report, commissioned by Sir Harold Wilson when Prime Minister, was carried out under the chairmanship of Sir Ronald McIntosh, director-general of NEDO.

It includes a damning indictment of the lack of trust that has developed between corporations and Government; of confusion of aims and roles; ineffectiveness of current procedures for monitoring corporation plans and performance; and damaging effects of short-term Government intervention on prices, pay and investment in the past.

Sir Ronald defends the recommendations on the grounds of the necessity of radical change. He sees the councils, not as additional layers between Government and nationalised industries, but as more permanent means of co-ordinating strategic decisions.

In addition to the report and appendix, published yesterday, NEDO plans to publish a series of background papers on its investigations, particularly into the role of the nationalised industries in the economy.

Russia offers Poland economic aid package to meet crisis

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

THE SOVIET UNION has come to the rescue of its largest but crisis-stricken ally, Poland, with an economic aid package that includes a substantial cheap loan and deliveries of food, raw materials, capital equipment, and consumer goods.

The package, one of the largest of its kind ever put together by the Russians, reflects Moscow's deep anxiety about the troubles which have gripped Poland since last June's food price riots.

The package should relieve Mr. Edward Gierek, the Polish leader, of the need to impose further tough economic measures of the kind which provoked the recent riots when Mr. Gierek announced, and then withdrew, big price increases.

As far as the West is concerned, it should strengthen Poland's ability to pay off its multi-billion dollar debts, because the Russians will now deliver materials that would otherwise have had to come from Western markets. The Poles will also have more production available to sell outside the Soviet bloc.

The rescue, under negotiation since early autumn, was finally agreed during last week's talks in Moscow between Mr. Leonid Brezhnev, the Soviet leader, and Mr. Gierek. But it is not expected to be announced for some weeks, probably at the December meeting of the Polish Parliament.

Centrepiece of the package is a one billion rouble loan ($1.4bn. at the official rate of exchange), available, according to Polish sources, over a medium term at low interest.

In East European parlance, this could mean five to ten years, including a grace period, with an interest rate of about 2 per cent., compared to the 3-5 per cent. considered normal for intra-Comecon loans.

Credit

Because the rouble is not a convertible currency, the money will take the form of a credit for Polish purchases in the Soviet Union. It will be repaid by later deliveries of Polish goods to the Soviet Union.

On top of the credit, the Russians have promised to make available extra supplies of raw materials and manufactured goods over and above the levels laid down by the five-year trade agreement negotiated last year. The whole package, in fact, is described as being outside the two countries' Five Year Plans, which have only just come into operation.

The Poles deny that there are any strings attached to the loan. Instead, the package is presented as a move to help Poland regain economic and political stability, which is as much in the Russians' interests as the Poles'. But the Russians are also wary of openly interfering in Poland at a time when the atmosphere is still tense.

The aim of the package is to take the pressure off Poland's balance of payments and give Mr. Gierek more room for manoeuvre. Freed of the need to balance his country's already very large imports from the Soviet Union with exports of Polish food and goods which he badly needs to meet internal demand, he should be better placed to overcome the crisis.

Until the rescue was arranged, Poland was in a state of economic limbo. The Government, badly shaken by the riots, had put off unpopular but necessary economic measures for 18 months, but had failed to come up with anything in their place.

Russia will now increase deliveries of certain raw materials such as iron ore and cotton, which Poland might otherwise have had to buy on the hard currency markets. There will also be extra supplies of grain and other food, thanks to the Russian's recent harvest success.

An unusual feature of the package is that it includes a commitment by the Russians to send Poland more consumer goods.

Among them will be the Fiat-type Zhiguli cars which will be delivered for the first time next year, even though Poland is rapidly increasing car production from its own Fiat-licensed plants.

This is explained by the need to divert the Polish consumer's fast-growing purchasing power away from food where shortages are most critical, towards durables.

The deal is of significance to Poland's balance of payments with the West, where it has built up a debt estimated at around $8bn. over the past five years.

Because the Russians are now delivering more without demanding immediate and equivalent counter-deliveries, which is normally the case, the Poles will have more goods available for other uses.

Signs of strain in Warsaw Pact, Page 7

£ in New York

—	Nov. 18	Previous
Spot	$1.6840-6850	$1.6840-6851
1 month	1.75-1.65 dis	1.51-1.46 dis
3 months	4.25-4.15 dis	4.13-4.08 dis
12 months	13.40-13.30 dis	13.20-13.10 dis

No yielding to Lords on ships

BY RICHARD EVANS, LOBBY EDITOR

THE CABINET decided yesterday not to give way to the Lords in the constitutional confrontation developing over the Aircraft and Shipbuilding Industries Bill, and Ministers are now prepared if necessary to lose the legislation in this session of Parliament.

The decision, taken with the backing of Mr. Callaghan and Mr. Eric Varley, the Industry Secretary, but against the advice of some Ministers, means that the Cabinet is taking a big gamble in its battle with the peers.

If the Lords decide to insist on their amendments excluding 12 ship-repair companies from the Bill, as seems certain, the legislation will "ping-pong" between both Houses until the end of the session next Monday or Tuesday. It will then be lost.

In this case, it will be reintroduced in the next session, probably early in December.

The gamble Ministers are taking is that although the Parliament Act of 1911 can be invoked at the end of the session to curb the Lords' delaying powers, there is no effective way the Government can prevent another lengthy and acrimonious passage for the Bill through both Houses.

The Lords would through their inbuilt Tory majority be able to keep the Bill in play for the entire session if they so wished. In addition the Government's ability to win key votes in the Commons must be in question because of the slender overall majority, and the prospect of more by-election losses in the coming year.

The Government's amendment to put the 12 ship repair companies back into the Bill was approved after a three hour guillotined debate by 280 votes to 278, a Government majority of two.

The Government's alternative strategy, which Ministers rejected yesterday, would be to accept with reluctance the defiance of the Lords, place the major part of the legislation nationalising the Aircraft and Shipbuilding Industries on the Statute Book, and take the ship repair companies into public ownership at a later stage.

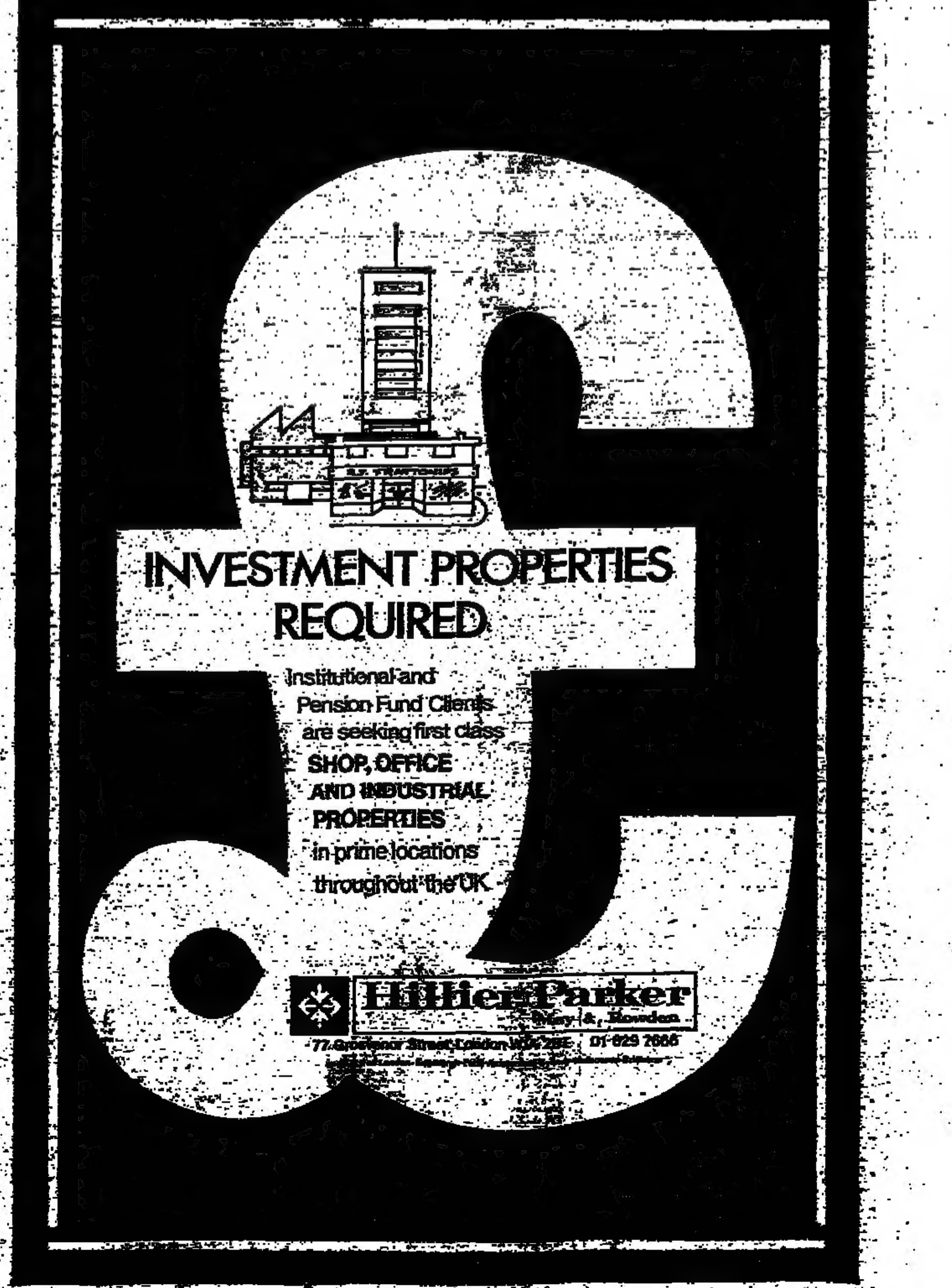
But the more aggressive view prevailed, paving the way for a cliff-hanging confrontation with the Lords, who will come under the most intense pressure over the next few days to climb down.

There seems absolutely no prospect of this, however.

Mrs. Margaret Thatcher, the Conservative Leader, told the Prime Minister curtly in the Commons that the choice of whether to nationalise the two industries was Mr. Callaghan's and the Government's alone.

Varley warning on delay, Page 16

For latest Share Index 'phone 01-246 8026



LOMBARD

Dumped upon, not dumping

BY ANTHONY HARRIS

THE suggestion that our trading partners in the EEC might take trade sanctions against Japan unless Japanese car exports to Britain are "restrained" is not the act of altruism which it may appear. Some of the biggest sufferers from Japanese competition in the U.K. market are the car manufacturers of the EEC itself. There is in fact nothing extraordinary about the level of import penetration of the British car market (especially if you net out the cars which companies like Ford, Chrysler and General Motors import as part of a programme of international specialisation); but the share held by European manufacturers is low. The Germans do much better in France, the French in Italy, and the Italians in either country than they do here.

What makes this even more painful is that they are being forced to dump too. It is not easy to check prices in a world of wildly fluctuating exchange rates, but the fact the Volkswagen is planning to cut its selling prices after so sharp a drop in the D-mark value of sterling itself is telling enough.

Dumping inside the EEC? Impossible, you might think; but it is in fact perfectly possible to dump cars in Britain even in a regime of completely free trade. This is simply because we drive on the left. Anyone—Japanese, German or Russian, for that matter—can ship cars here in the comfortable knowledge that they cannot be re-exported to their country of manufacture, or for that matter to other markets where the same manufacturer is selling at higher prices. The one really large market where right-hand-drive cars are sold is—Japan; but since they export cars to us which do not meet their own anti-pollution regulations, that somewhat unlikely door is closed too.

More barriers

This all illustrates the fact that there are far more barriers to trade than are listed in the textbooks. The theory is very simple: in a world without tariffs, the maximum price cut which can be sustained in exports is the cost of return freight to the country of origin. In nice standard commodities like wheat and iron ore, it works; there is an international price within fairly narrow limits. In manufactured goods things are very different.

For example, it is very probably true in theory that it would pay handsomely to buy up a shipload or two of Datsuns and re-export them to Australia (about the only third market where they could go). But apart from Australian quota restrictions (and did you realise that they were relevant to the dumping of goods here?) the re-exporter would face considerable problems when he got them there. Who would sell them? Who, more important, would look after service and spares? No doubt these problems could be solved; but the cars would have to be sold at a considerably cut price.

Distributor margins are a whole problem in themselves, as every discussion of selling in Japan confirms. They are a problem in Europe; I remember one report which showed that colour film of the same brand cost 40 per cent. more in France than across the frontier in Belgium. I remember too the case of a British oil-company tenant who recently took to buying his petrol supplies in cans from another garage down the road, which was retailing spirit at a lower price than he was paying to the producer. Barriers know no frontiers.

Short circuit

Apart from distribution, there is the whole tangle of technical standards, units of measurement (as we metricate, we invite dumping of ball bearings from the U.S. rather than from Japan) and even brand names. For example, Japanese hi-fi amplifiers sold here as Trio are called Kenwood in the U.S. You can't re-export them.

This Micro-survey is perhaps enough to suggest a reason for the lack of interest in the present long-lasting round of GATT talks, which is meant to be heavily concerned with identifying and outlawing non-tariff barriers to trade — the ones which make dumping possible. There is not the slightest hope of any meaningful progress on these lines — indeed, the anti-NTB regulations, with their attendant bureaucracy, would probably be a bigger barrier to trade than any now in place.

The Americans have devised one good short-circuit: any goods which are sold cheaper in the U.S. than in their home market are deemed to be dumped (which incidentally holds down the home price of British sports cars). The French have another approach: the Douaniers discourage unwanted imports by tying them up indefinitely in red tape. The British civil servant lives by the rule book, so it is unlikely that we will do anything effective about dumping. And thank goodness for that. I like dumped goods.

RACING — BY DOMINIC WIGAN

'Comedy's' turn to-day

IN SPITE of two disappointing displays from as many runs this season, *Comedy of Errors* may prove up to taking to-day's two and a-half mile Kirk and Kirk Hurdle at Ascot, in which he faces Dramatist.

Comedy of Errors, who may—as his trainer believes—have been feeling the effects of his Kempton fall when making virtually no show in the Marlow Ropes John Skeaping Hurdle at Sandown on October 30, when he was out of contention more than a mile from home, beat Dramatist decisively on the two occasions they met and both finished last season.

Comedy of Errors proved about 10 or 11 lb better than Dramatist when they chased home Bird's Nest in the Wolverhampton Champion Hurdle trial. On the second occasion, he proved superior by roughly the same margin in the championship proper at Cheltenham.

In what seems sure to be a particularly informative race and one which could see Comedy of Errors taking his leave of the hurdling scene, I hope to see the former champion again prove the master.

ASCOT

1.00—Valiant Charger
1.35—Supreme Halo
2.05—Persian Camp
2.35—Comedy of Errors**
3.05—What a Buck*
3.40—Rough and Tumble***

Half an hour after the Kirk and Kirk Hurdle there is the Kirk and Kirk 'Chase, an intriguing three-mile event for five-year-olds and above which could go to any one of the eight runners. Here I do not intend to desert the in-form Stow on the Wold stable of David Nicholson and side with that fine chaser, *What a Buck*.

What a Buck, who showed his appreciation for this stiff three-mile course and distance last season when making most of the running to defeat Royal Relief and Bula in the SGB 'Chase, will be all the better for a recent run behind April Seventh at Wincanton and can outpoint the lightly-weighted Golden Rapper.

Whatever their fate with Grand National hopeful Golden Rapper, Fred Winter and John Francome should have at least one winner for both *Valiant Charger* in Division I of the Bingley Novices' Hurdle and *Rough and Tumble*, who goes for Division II, appear to have chances second to none.

Rough and Tumble, a half-brother to that high-class performer Strombolus, ran out a much easier winner than the three-quarters of a length by which he got home on Monday at Leicester might suggest. He is tipped with confidence.

SALEROOM — ANTONY THORNCROFT

Rug beats forecast at £58,000

AN EARLY 17th-century Kashan Polonaise rug sold for £58,000 (plus the 10 per cent. buyer's premium) at Sotheby's yesterday. This is the second highest price paid at auction for a carpet or rug—the top is £62,000, also at Sotheby's—but is easily a record for a rug without a pile. The buyer was M. Francis, a London dealer, and the price was more than double the pre-sale estimate.

The auction of early Islamic rugs and carpets, which marks the start of a series of sales at Sotheby's devoted to Islamic art, totalled £216,790. Only three of the 49 lots were bought in, although they included two of the most highly regarded items, a Wamluk carpet of about 1500, and a 16th-century Ottoman carpet (after the sale the Ottoman was bought for £8,000).

A late 17th-century Ushak medallion carpet sold for £10,000, double the estimate, and Francis gave £9,500 for a late 18th-century Indo-Persian animal carpet. Another London dealer, Bernadont, paid £9,000 for an early 17th-century Kashan Polonaise silk and metal thread rug (rather below forecast).

Paulette Goddard Remarque, the film star who married the author of All Quiet on the Western Front, sent 28 of the items for sale. Her contribution raised about £100,000.

The English drawings and watercolour sale raised £55,805. Agnew bought a pastel of the Hon. Henrietta Rice as a young girl, by John Russell, for £1,900. A John Martin "The End of the Day" sold for £1,700. An album of 52 watercolours of British views, by General W. I. Chamberlayne, went for £1,650. All these prices were well above forecast.

There was also a rather important English silver sale at Sotheby's which totalled £121,998, with only 1.13 per cent. bought in. S. J. Phillips, the London dealers, gave £8,600 (plus the 10 per cent. buyer's premium) for a set of four George II large table candlesticks, made by Simon le Sage in 1759 and bearing the royal arms. The price was comfortably above forecast.

A 17th century Dutch beaker, dated 1659 but with a later inscription, sold for £5,200, three times forecast. 12 French silver gilt dessert plates of 1830 went for £4,400 and a pair of Swiss five-light candelabra fetched £4,000.

The governors of Bridewell Royal Hospital, which in more than 450 years has been an orphanage, a prison, and is now a school, sold ten items of their silver for £13,404.

There was a modest auction at Christie's of English furniture and Eastern rugs which totalled £71,734. A set of 16 Regency mahogany dining chairs sold for £4,200 to the London dealer Norman Adams. A Regency mahogany four pedestal dining table was bought by Maas for £2,500. Five mahogany George III armchairs in the Chinese style made the same price.

Bonhams sale of paintings totalled £29,206, with 6 per cent. unsold. A picture of a stallion and three mares by Gilpin sold for £1,300 to Ackerman. "The Brewer" by Q. G. Van Brekelenkamp fetched £1,200.

Christie's South Kensington sold an orphrey from a chasuble dating from some late 15th century cleric for £750 yesterday in a costume sale which realised £15,509. A pair of early 18th century cathedral hangings made £700.

Ted Heath's sound of music

MR. EDWARD HEATH will begin a music series on London Broadcasting at 8 p.m. on Monday. The 25-minute programmes, to be presented by Mr. Heath, with music selected by him, will run for 13 weeks.

The series will be launched in London by LBC, which will broadcast the first programme in stereo. The programmes will be broadcast later elsewhere in the U.K. by other independent stations.

Negotiations are also under way with networks in North America and other parts of the world.

The series will be based on Mr. Heath's new book, Music—A Joy for Life, to be published on Monday by Sidgwick and Jackson, which covers his boyhood introduction to music, the purchase of his first piano on h.p. and music's influence on him during his Prime Ministership.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.30 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.58 Ring-a-Ding. 2.02 For Schools, Colleges. 3.20 Her Nodiant. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Emu's Broadcasting Company. 5.10 The Discoverers.
5.40 News.
5.55 Nationwide.
6.45 Sportswide.
7.00 Holmes and Yoyo.
7.25 Ken Dodd's World of Laughter.
8.10 When The Boat Comes In.
9.00 News.
9.25 The Quest.
10.15 To-night.
10.45 Regional News.
10.46 The Friday Film: "Welcome To Hard Times," starring Henry Fonda.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. O Dan y Mor. 5.55 Wales To-day. 7.00 Heddiw. 7.20 Holmes and Yoyo. 7.45 Her Nodiant. 8.15-9.00 Ken Dodd's World of Laughter. 9.25 When the Boat Comes In. 10.15 Kane on Friday. 10.45 News for Wales. †10.46-12.16 a.m. "School For Scoundrels," starring Ian Carmichael.

Scotland—10.23-10.43 a.m. and 11.20-11.50 For Schools. 5.55 Reporting Scotland. 7.00 Ken Dodd's World of Laughter. 7.45 When the Boat Comes In. 8.35-9.00 Current Account. 10.15 The Pleasure Is Mine. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-7.00 Scene Around Six. 10.15 Gallery—Festival 76. 10.45-10.46 News for Northern Ireland.

England—5.55-7.00 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 10.15-10.45 North (from Leeds) The Object in Question; North-West (from Manchester) Home Ground; North-East (from Newcastle) Up North; Midlands (from Birmingham) Nice Work—If you can get it; West (from Bristol) Waugh Talk; South-West (from Plymouth) Peninsula; South (from Southampton) Report South; East (from Norwich) On Camera.

BBC 2

11.00 a.m. Play School.
1.20 p.m. Racing from Ascot.
2.45 Tennis: Benson and Hedges Championships.
7.00 News on 2 Headlines.
7.05 Indoors Outdoors.
7.30 Newsday.
7.45 One Man and His Dog.
8.15 The Money Programme: Company Law in London.
9.00 Rutland Weekend Television.
9.30 The Norman Gunston Show.
10.15 The Expert.
11.05 Late News on 2.
11.20 Open Door.
11.50 Tennis highlights.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Pipkins. 12.30 Battle of the Comics. 1.00 News. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Money-Go-Round Good Afternoon. 2.25 Friday Matinee: "In Broad Daylight." 3.50 Emmerdale Farm. 4.15 The Kids from 47A. 4.45 Magpie. 5.15 University Challenge.
5.45 News.
6.00 To-day.
6.25 Crossroads.
7.00 Lucky Feller.
7.30 Sale of the Century.
8.00 Within These Walls.
9.00 Police Woman.
10.00 News.
10.30 Police Five.
10.40 Russell Harty.
11.30 The Friday Film: "The Return Of Mr. Moto."
1.00 a.m. Close: Tony Bridges meditates on the Old Masters.

All IBA Regions as London except at the following times:—

ANGLIA [illegible]

ATV MIDLANDS [illegible]

BORDER [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible] ... Report Wales Headlines. 2.00 Women Only. 2.25 Out of Town. 2.55 Born Free. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Lucky Feller. 7.00 For My Dear. 7.30 The Bionic Woman. 8.30 Sale of the Century. 9.00 Beasts. 10.30 Report Extra. 11.00 Terror! "Cry Of The Banshee."

HTV Cymru/Wales—As HTV General Service except: [illegible]

SCOTTISH [illegible]

SOUTHERN [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

WESTWARD [illegible]

YORKSHIRE [illegible]

RADIO 1 [illegible]

RADIO 2 [illegible]

RADIO 4 [illegible]

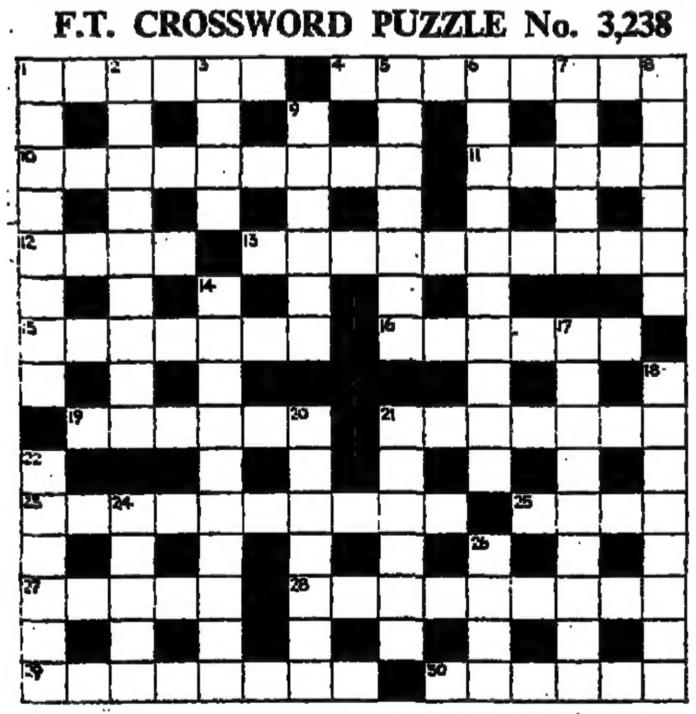
RADIO 3 [illegible]

BBC Radio London [illegible]

London Broadcasting [illegible]

Capital Radio [illegible]

F.T. CROSSWORD PUZZLE No. 3,238



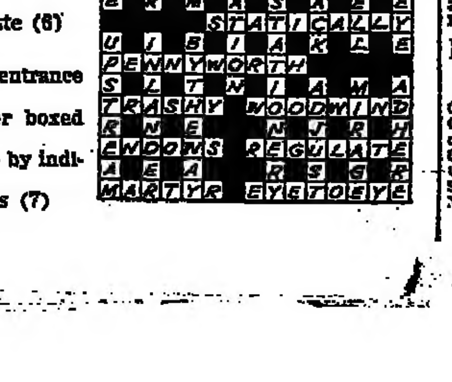
ACROSS

1 Kills deer with wickedness (4, 2)
4 Silly things to have with cheese (8)
10 Finished demonstration with ice-alcohol than usual (9)
11 Joint going to prelate's head (5)
12 Island coming under Jersey (4)
13 Cab driver's account of menu (4, 3, 4)
15 Get on at Waterloo from two different quarters by coach (7)
18 Discontented go to church in spring (6)
19 Coming with a daughter to opening (6)
21 Style adopted by Cockney female with nobility (7)
23 Occasional customer protected child in workhouse (6, 4)
25 Cleaner burn (4)
27 Fruit to give a chap some zip (5)
28 Not wanting to know how to saddle oneself with debts (9)
29 Told confession of person just divorced (8)
30 Valet's strangely chaste (6)

DOWN

1 Large slice rising to entrance householder (8)
2 Detested having river boxed in (9)
3 Little mischief's done by individual members (4)
5 Cracksman draws lots (7)
6 Just miss a place to emerge we hear (4, 6)
7 Something on the bill is super in Hollywood (5)
8 Transfix southern king going to jug (6)
9 Proposal for change of place (6)
14 Object of time and motion study is to prevent a Socialist collapse (4, 6)
16 Kind of competition offering a razor (9)
17 Revenge for a rare slip maybe (8)
18 It can be a great draw to the western railway (7)
20 Adorn a nicer variation with hydrogen (6)
21 Rascal one gave sea food (6)
24 Dawn of the Students' Union literally (3, 2)
26 Cheese is endlessly short (4)

SOLUTION TO PUZZLE No. 3,237



Cinema

Brunnhilde is alive and well

by NIGEL ANDREWS

Frau Winifred Wagner

…e Confessions of Winifred Wagner The Other Cinema
…for Fake Electric and Essential Cinemas
…izo (X) Warner West End
…ath Weekend (X) Plaza 1
…e Texas Chain Saw Massacre (X) Scenes 1 and 2

…o not be alarmed by the film's …e, which suggests a hot-from-…-press Sunday newspaper …lusive. *The Confessions of …ifred Wagner* is superficially … least sensational of the …k's films; which also include …onducted tour of great art …eries by Orson Welles and …e new horror films of unre-…ting, and in one case unprece-…ted, blood … thirstiness. …ually, Hans-Jurgen Syber-…g's documentary is the least …tacular film to be seen in …don. When I first saw it at … Berlin film festival, it ran … five hours; five hours of one …y. patrician head talking to …camera (in black-and-white) …e an off-screen interviewer …ed it with polite and delicate …tions. The secret of the …s appeal—and the factor that …es it on a deeper level the … sensational film of the …—is the identity of that …'s owner. Winifred Wagner …e English-born daughter-in-… of composer Richard and the …ter directress of the Bay-…h festival. More to the point, … lived through the war years …ermany, and the preceding …de of Nazisms's rise to power …e of Hitler's closest friends … confidantes.

…e version brought to London … 105 minutes, and although …uldn't wish the saddle-sore… acquired from the original …on on London audiences, the …ent digest misses many of its … delightful asides: Frau …ner showing her family …s to the camera (her chil-… seen at an early age …ding up in Wagnerian cos-…s) or Frau Wagner making … waspish comments about … rebellious daughter Friede-…

…e shortened version concen-…s on her friendship with …r, and continues the alarm-… trend of recent German …na for picking the scabs off … old, politely disregarded …ds of the war years. Frau …ner is a phenomenon: a …y, full-bosomed, magisterial … who here makes up for … has apperently been a 30-… silence on the subject of … Hitler by talking her head …he film's critics have harped …ally on its immobility. All …amera does is sit there and …. But the words are so …entous, and the flickers of …ion that cross that great …ler of a face so mesmeric … one wouldn't have had …rberg do it any other way. …u Wagner was put on trial … the war as a National…list, and pilloried in the … for her unswerving loyalty …e and during the war to …r. "I called him Wolf and …lled me Wini," she muses …y, as she recalls his week-… visits to her home in …uth, and describes his …tly, avuncular way with …hildren. During the war …anaged to intercede with … for friends and Bayreuth … threatened with deporta-…o the concentration camps. …o other contentious issues … allowed to cloud their …ship. Of Hitler's more …us activities she says, with …ng indulgence, "he was … by radical people"; and … end of the film, with a … glance to the other end … room, she says: "If Hitler … walk through that door to-day, I should be just as pleased and happy to see him as I ever was."

Frau Wagner's presence is extraordinary. Give the lady a helmet and a flaxen pigtail and no self-respecting opera house, auditioning for Brunnhildes, could turn her down. But the charm and the majesty are deadly; and so are the protestations of political innocence. Syberberg's camera, scarcely moving from its inquisitorial close-up, forces us to look beyond the words, beyond the charm, beyond that infrequent but splendid laughter, and see in its subject the unacceptable face of political acquiescence. It is a fascinating and cautionary film; and one that its distributors deserve high praise for bringing to London, albeit in truncated form.

★

There has always been a touch of the magician about Orson Welles; whether building a cinematic house of cards around the single word "rosebud" in *Citizen Kane*, or using a handful of microphones to terrify America in his radio broadcast of *The War of the Worlds*, or even when turning into two Orson Welles in order to advertise a certain well-known sherry on television.

F For Fake is a magician's tribute to his fellow magicians: an eye-defying impromptu on the theme of forgery which pays tribute to some of this century's great masterpieces of hoaxing, from the paintings of Elmyr de Hory to the writings of Clifford Irving to the work of Welles himself. Building on footage about de Hory, already shot by the French film-maker Francois Reichenbach, Welles confounds the confusion already inherent in his material by turning the film into a kind of jigsaw of coincidence and *trompe l'oeil*. Did we know that during the period Irving was working up his Howard Hughes book he and de Hory were living on the same tiny Mediterranean island? Did we know that Welles's own original model for Citizen Kane was—Howard Hughes? Though not quite positioning the existence of a psychic communion between great hoaxers, Welles does suggest that the artist and the trickster have more in common than we, or they, might ever have realised before.

The Entertainment Guide is on Page 13

With Welles's tongue tucked firmly into his bulldog cheeks, and his own participation taking the shape of a puckish commentator stalking an eerie railway platform, the film threatens at times to become one of those inflated *jeux d'esprit* that a prick of caustic common sense will burst to nothing. On a second viewing, I still cannot make anything of the long, leg-pulling shaggy dog story about Picasso with which Welles concludes the film.

But the wit of Welles's commentary, and the legerdemain of the film's cutting—now you see de Hory, now you see Irving, but are they both together in the same room, or has the editor used his scissors to rearrange history?—carry the 85 minutes through so fast that there is little time for reflection. Some of the questions the film raises, furthermore, are far from frivolous. Why does an artist's signature seem to carry more weight with "experts" than his work? Why do art dealers—and critics—make such a fetish of attribution? And are not some of the greatest achievements of Western art—for example, Chartres Cathedral—those that carry no signture at all?

★

The spate of new horror films usually to be expected around mid-November, as distributors rush their more bloodthirsty merchandise into the cinemas before the screens are cleared for the Christmas family season, is with us this week with a vengeance. Fifteen violent deaths, spread generously through three films. I shall review them in ascending order of nastiness.

Schizo is the latest opus from the team that brought you *House of Whipcord*, *Frightmare* and *House of Mortal Sin*: to wit, screenwriter David McGillivray and producer-director Pete Walker. The house style is much in evidence here — the picturesque variations on themes of impalement, the generous quantity of red herrings (especially that old favourite, the door that creaks slowly open to reveal . . . only the husband or best friend), and in the London settings an air of faded trendiness that suggest the makers lost their hearts ten years ago in swinging London. The script is strictly a patchwork job; but there is a memorable villain—the gnarled and moronic-looking Jack Watson—and one or two nice Hitchcockian moments at a wedding party.

Death Weekend is a feminist edition of *Straw Dogs*: Brenda Vaccaro replacing Dustin Hoffman as the city-bred innocent whose sojourn in the country is disrupted by a quartet of thugs intent on rape and pillage. They succeed in the first, but are obstructed in the second by Miss Vaccaro's unexpectedly spirited retaliation: a piece of glass, a can of petrol, a quagmire and an estate car being the everyday items she cannily converts into weapons of destruction. Solid direction, and an infectiously wholehearted performance by Miss Vaccaro, redeem a somewhat formulaic script.

Having been one of a trio of critics who defended the merits of *The Texas Chain Saw Massacre* against an argumentative London film festival audience last year, I am pleased that the film has reached London: albeit by the back door of a GLC certificate. This story of five teenagers who fall foul of a houseful of retired abattoir workers (running out of petrol, they unwisely knock on the door of a sequestered mansion and are welcomed in by a gentleman sporting a butcher's apron and a sledgehammer) is intemperately bloodthirsty. Among the scenes those with weak stomachs should be warned about are the slinging up of victim No. 2 on a meat hook and the cumulative demoralisation of victim No. 5 as she is chased through the woodlands with a chainsaw, caught, and then subjected to the hammer-wielding expertise of "Grandpa." But writer-director Tobe Hooper directs the piece with a ferocious intensity that puts it in a different class from its catchpenny rivals of the week: and results in a work far more likely to alarm and deter impressionable filmgoers than to encourage imitation.

Lyttelton

Tartuffe

by B. A. YOUNG

Molière's rhymed couplets, that in English translation so often sound embarrassingly like pantomime jingles, are treated by the Théâtre Nationale Populaire without too much regard for the French theatre's traditional respect for verse. The TNP actors even go so far as to suppress the usually-voiced final e's if by sounding them they detract from the conversational quality of the speech. *Tartuffe* is good comedy, but I doubt if much of a claim could be put forward for its merit as poetry, and the company's attitude to it seems to me a sound one.

The unexpected slowness of Roger Planchon's production is not due to any mouthing of the verse. It is due to the great amount of comic business that he has put into it—pleasant business, for the most part, organised with a touch of formality, a consciously rhythmic progress, that suits the play well. But it takes up a lot of time. The scene between Mariane and Valère, virtually organised by the servant Dorine, as she gives her advice to each, is almost a *pas de trois* in its attractively symmetrical movement. I began to wonder what time it would be before we ever saw M. Planchon as Tartuffe.

The pace remains slower than we are accustomed to throughout the evening. I felt little tension as Tartuffe made his approaches to Elmire with Orgon under the table; he took such a time about it that she seemed the guiltier party of the two before he actually got around to anything. As for the last act, with the bailiff and the officer and a remarkably rough incursion of troops, the exciting changes of fortune that ought to make it so good hardly raised by blood-pressure at all

Though I complain about the speed of the production, I was delighted by the acting Lucienne le Marchand sets the pace as she whacks about with Mme. Pernelle's cane in the first scene, and Arlette Gilbert sets off on the endless peals of laughter that signal her presence in almost any circumstance. When Guy Tréjean comes in, resplendent in white-and-gold, we see at once that Orgon is a man of substance, and his subsequent humiliation is genuinely moving, foolish as he is. Gérard Giullaumat and Patrick Messe are perhaps too much alike physically to make ideal casting as Cléante and Damis; I think of Damis as about Valère's age; but MM. Guillaumat and Messe both play bravely.

Colette Dompietrini and Luc Ponette are an attractive young couple as Mariane and Valère. As Elmire, Nelly Borgeaud is admirably restrained the first time we see her with Tartuffe, who has a telling way of touching her lightly but significantly even when he is talking about some remote subject; later, when she is actually presenting herself as bait, she seems wickeder.

M. Planchon, square face under straggly hair, a slouching walk and an ingratiating manner, plays Tartuffe broadly; one of his apologies to Orgon ends with him crawling to the door on hands and knees, yet in his moment of triumph he can seem Napoleonic.

I wish I liked him as much as director as I do as actor. The production seems to me wilfully eccentric to no purpose. It is played in what seems to be a ruined chapel, a series of flats revealing slightly less ruin with each act. The Orgons' sitting-room has an enormous mural painting of the Massacre of the Innocents on the walls, and a great brass horse spanning a mirror, a sheet hung over part of it. Trestles are left in all the rooms, used to make ad hoc furniture, such as the vast table Orgon crouches under, so invisible as almost to be out of mind. The final scene seems to be taking place in an old castle, lit only by candles and boasting what looks like the machinery of a drawbridge showing through the window. An angel with a fiery sword and a figure of Christ overlook the action from the flies.

The point of all this escapes me. Is the company supposed to be playing in the sets of another production? If so, does this sharpen our appreciation of Molière's satire? Not mine, at any rate; on the contrary, it distracted my attention from what seemed otherwise an interesting production of a play as relevant to this decade as it was to the 1660s.

Anthony Crickmay

Lynn Seymour and Vergie Derman in "Voluntaries"

Coliseum

La Belle Hélène

John Copley's Offenbach production returns to the Coliseum, for a run planned to extend through the Christmas holiday period. Measured against an ideal standard of stylishness that may well not have obtained at Offenbach's own Théâtre des Variétés, it is a rather deplorable evening—shambling, low-farcical, full of easy sight gags and loose, friendly anachronisms as a substitute for hedonism and elegance. Yet, with a cast of highly agreeable comedians, punching out the dialogue and swimming into the action with rare good will, it is also somehow, an enjoyable entertainment.

Anne Howells is back in the title role, a knockout from first moment to last. She sends her lines out into the audience as though she had been playing burlesque for years—the best burlesque, that is, where broadness can be tamed by a sudden access of high style, where the performer contrives to suggest beauty, glamour, absurdity, wit and disarming self-mockery, all in the same instant. As Miss Howells is the natural mistress of all these attributes, the extras she brings to the role become especially admirable, as well as delightful—the care for the music (the phrasing of "Dis-moi, Vénus" was uncommonly seductive), the bloom on the tone, the piquant undertow of melancholy.

Ramon Remedios has the physique for Paris, and the voice as well, though in the early stages it failed to flow with sufficient confident smoothness; later on, as the High Priest of Venus, he sang as zestfully as he danced. Excellent, gamy contributions, within the wink-and-nudge routines prescribed by Mr. Copley, from Geoffrey Chard (Agamemnon), Eric Shilling (Calchas) and Shelagh Squires (Cleone); the playing of the Kings of Salamis and Locris as a pair of queens is toned down, to welcome effect, by Ashton Smith and Niall Murray

MAX LOPPERT

Festival Hall

Hungarian State Symphony Orchestra

Several young Hungarian musicians have made an impression on our musical life during the past year: the pianist Andras Schiff, the most musicianly of the last Leeds Competition finalists; the soprano Adrienne Czengery, a delightful Susanna at Glyndebourne; and Ivan Fischer, the winner of the Rupert Conducting Competition. It was pleasant to welcome the Hungarian State Symphony Orchestra to the Royal Philharmonic Society's concerts, and to find that they display some of the same qualities of careful, unobtrusive shaping, and broad expansive phrasing as do the younger soloists.

János Ferencsik, their conductor moulds the music with great sensitivity, but too often misses its excitement. One or two delicate moments in Bartók's *Dance Suite* could not compensate for an overall lack of rhythmic impetus which robbed the music of its barbarism It is, surely, not Bartók's greatest orchestral work, though when played (as in the second half of this concert) alongside Kodály's *Peacock Variations*, it seems a model of restrained writing, permeated by folk-song but never drawing too directly on it. The Kodály, by contrast, appears a Technicolor orchestral showpiece of far less substance. This went far better.

The most interesting performance of the evening, though, was Dezsö Ránki's. He played Ravel's Piano Concerto in G, brilliant and metallic in the arpeggios of the opening, sustained and solemn in the slow melody of the slow movement. It lacked the last touch of richness, perhaps, and like the orchestra's playing it was under-projected.

The orchestra began with a tidy, sensible account of Mozart's Paris Symphony which showed all their strengths and weaknesses: good string tone, lacking only brilliance: variable woodwind intonation, but fine flute solos; and solid ensemble which needed more attack and depth.

NICHOLAS KENYON

Elizabeth Hall

Williamson's choice

by RONALD CRICHTON

The London Mozart Players are varying their standard fare with five "Composer's choice" programmes, in which distinguished musicians set favourite work of their own against music by other composers which they consider relevant. On Wednesday the guest was Malcolm Williamson. His choice cleverly matched diplomacy with fitness. One new and one familiar work by himself (both involving string orchestra), on work each by Mozart (to represent the orchestra's tutelary deities), Bliss (Williamson's predecessor as Master of the Queen's Musick), and two other revered seniors, Shostakovich and Britten.

The scheme was ingenious, but too generous—as usual in this kind of concert, the programme was too long. The Two Pieces of Shostakovich had to be omitted. Long programmes are also dangerous from the point of view of rehearsal time. The London Mozart Players seem to contain a number of new faces, and as the Fugue from Mozart's K 546 showed at the outset, they haven't yet settled down. The conductor was Yuval Zaliouk, whose sensitivity to mood and texture was not, on this occasion, supported by enough firmness in matters of unanimity and accuracy.

Unfortunately the chief sufferer was the new work by Williamson, a concerto for harp and strings called *Au Tombeau du martyre juif inconnu*, inspired by the monument of that name in Paris. Three movements—"The Harp of David," "The Harp of the Exiles," "The Harp of the Angels." The first especially, sounds (not unfittingly) like Bloch, not a question of pastiche but of empathy. Apart from the slightly oriental colour (and touches of wry humour in the quick central panel) there is a note of diaphonous elegy which this composer (in the *Epitaphs for Edith Sitwell* for example) can sustain with an art half-concealed by his use of an idiom not always as innocent as it appears.

More, at this stage, it would be imprudent to say. The performance was uncertain, with a young soloist (Martine Geliot) too nervous to do herself or the music justice, and sketchy string playing. Williamson's Piano Concerto No. 2 with the composer at the keyboard, went with gusto if not always precision—the slow movement is preferable to its breezy knockabout companions. The Bliss was *Music for strings*, of which Mr. Zaliouk conveyed more of the feeling than the muscle. The Britten was the 1943 Prelude and Fugue written for Boyd Neel, one of those early pieces that come up as fresh as when we first heard them.

Book review

Wild one

By FRANCIS KING

Cousin Clare by Anita Leslie. Hutchinson, £5.95. 272 pages

Bernard Baruch, asked by Winston Churchill to keep an eye on "this wild cousin of mine," described Clare Sheridan many years later as "Wonderful looking, and exciting to have around, but so damn fatiguing." To her daughter she was "as a mother impossible, as a person enchanting." Her brother gloomily queried whether she was "a fit person to have charge of herself, let alone of young children." What no one seems to have said but what emerges strongly from this biography is that she was an essentially silly woman.

This silliness manifested itself most conspicuously in her tendency not so much to embrace ideas as to have hectic schoolgirl crushes on them. For a period after the First World War she scandalised English society by her flirtation with Bolshevism. This involved the blithe abandonment of her children—she was perpetually entrusting them to relatives, friends or servants, like dogs being placed in kennels—and a sojourn in the Kremlin, where she modelled the heads of Lenin (indifferent to her beauty) and Trotsky (plainly attracted).

Later, travelling in a sleeper in the States, she was to compare "just a curtain in the corridor" with "that heavenly Russian compartment." Even in a country recovering from the chaos of a revolution, she was the sort of person who invariably travelled de luxe as of right; and when her impetuousness or imprudence got her into trouble, there was always an ambassador, a minister or a millionaire to extricate her.

Anita Leslie puts Clare Sheridan's rebelliousness down to the holocaust in which she lost both her husband and the man, Lord Alexander Thynne, who might have replaced him. But, whatever the period, she would surely never have settled down to a life of conventional domesticity. What can probably be ascribed to the First World War is a quality in her that perpetually hovered between courage and callousness.

Like its subject, this biography tends to be erratic. There is a page of acknowledgments at the beginning (it gives no listing of the titles of Clare Sheridan's own books) but otherwise sources are rarely named.

I doubt myself whether Clare Sheridan ever evolved, as Anita Leslie claims, "from an able sculptor into a great artist." But she was certainly a remarkable woman and deserved this affectionate and entertaining commemoration.

AMERICAN NEWS

GNP slowdown adds to doubts on U.S. recovery

BY DAVID BELL

WASHINGTON, Nov. 18.

THE U.S. Gross National Product (GNP) grew slower in the third quarter of this year than originally reported, according to revised figures issued to-day which may once again raise doubts about the strength of the current American economic recovery.

The Commerce Department said real GNP in the third quarter increased at an annual rate of 3.8 per cent.—to $1,271bn.—compared with the preliminary figure of 4 per cent. released just before the election. At that time, the Ford Administration said 4 per cent. was the minimum figure needed "to maintain employment at current levels." To-day's revised figures follow industrial production figures issued by the Federal Reserve earlier this week which were also revised downwards.

Government analysts cited two main reasons for the downwards revision of the GNP figures. The first was a larger-than-expected increase in the U.S. trade deficit, and the second was the fact that $400m. worth of consumer spending predicted earlier failed to materialise. This further underlines the largely flat trend in consumer demand which first became evident in May and has, for the most part, continued since then.

Meanwhile, two University of Michigan economists reported this morning that their university's influential annual forecast suggests that even if Mr. Carter approved a tax cut next year and takes other moderate measures to stimulate the economy it is likely to grow in 1977 by only about 4.3 per cent., compared with the 6.2 per cent. which they say is likely to be the final figure for the whole of 1977. They say that by the end of next year they expect unemployment to be down to about 6.5 per cent., with inflation still running around 5.5 per cent.

The one bright spot in the GNP figures may be the fact that the Commerce Department has revised upwards by some $800m. its estimate of fixed investment in the third quarter. Analysts were cautious about this to-day but they noted that it might indicate that there is going to be a further increase in capital investment in the fourth quarter, an increase which has been long awaited. In other figures, the department noted that corporate profits increased faster in the third quarter, rising by some $5.6bn. to an annual rate of $122bn. seasonally adjusted.

Burns opposes tax cut

BY STEWART FLEMING

NEW YORK, Nov. 18.

IN A STATEMENT which is likely to revive speculation that the U.S. Federal Reserve Board and the incoming Carter administration may have difficulty in reconciling their views on the economy, Dr. Arthur Burns declared to-day that he saw "no advantage in a tax cut at the present time."

Over the past week Dr. Burns' statements on economic policy, and particularly his opposition to a fiscal stimulus at present, have appeared to be at odds with Mr. Carter's views.

Since his initial statement before the Senate Banking Committee last week, Dr. Burns has on occasion appeared to be attempting to dampen speculation that he might be at odds with Mr. Carter and there has been confusion about where in fact he does stand.

In his speech to-day at the annual convention of the U.S. League of Savings Associations, however, Dr. Burns issued a firm statement of what has been established policy within the Fed.

Laying great stress on the dangers of inflation and its adverse impact on busines confidence and capital spending plans, he said that the principal contribution which the Fed can make to the achievement of national economic objectives was to "adhere to a course of moderation in monetary policy."

Kissinger happy to continue to advise on the Middle East

BY DAVID BELL

WASHINGTON, Nov. 18.

DR. HENRY Kissinger, his eight years at the centre of U.S. foreign policy making now almost over, is letting it be known that he will be happy to advise the new Carter Administration about the Middle East after it takes office, and his aides are indicating that the prospects for a real advance in the area may now be better than for a long time.

The Secretary of State does not want to be employed as a mediator—and it is unlikely that Mr. Carter would want to use him in that way—but he is more than ready to offer advice now and in the future, and will doubtless waste no time in making this clear to the president-elect when he meets him in Plains, Georgia, on Saturday.

Israeli officials in Washington remain very suspicious of this new-found optimism, expressed most recently in a speech by Dr. Kissinger to the current Nato meeting in Williamsburg, Virginia.

According to officials, this new optimism stems directly from the serious weakening of the Palestinians, as a result of the fighting in Lebanon, and has been bolstered by the more conciliatory attitude now being taken by the Syrians who, it is felt here, have moved much closer to the "moderate" camp.

In the two months left before the Carter Administration takes over, Dr. Kissinger is expected to continue his efforts to isolate Iraq and Libya, a process which he regards as a logical extension of the strategy he first used in his shuttle diplomacy in 1973.

The Carter Administration has yet even to grapple with the question of whether the Palestinians are sufficiently respectable to take part in any new Geneva conference. It will almost certainly be some months before its position on this is fully clear. Dr. Kissinger said yesterday that the U.S. should be "pragmatic."

While the Israelis are clearly aware that the new U.S. administration is likely to want to "unfreeze" the situation in the Middle East as quickly as possible, they suspect that Dr. Kissinger may be trying to stack some of the cards in advance and push the new administration into a "pro-Arab" position even before it takes office.

They also suspect that the Arabs have begun a major attempt to influence the Carter Administration on their own. President Sadat's speech last week and his remarks to a number of American congressmen in recent days have all suggested a new Arab willingness to consider fresh negotiations.

Carter becomes Washington 'insider'

By Our Own Correspondent

WASHINGTON, Nov. 18.

PRESIDENT-ELECT Jimmy Carter's meeting yesterday with senior leaders from the U.S. House and Senate ended with both sides agreeing that the next four years of relations between executive and legislature would be a great deal more harmonious than in the past.

Mr. Carter said that the Congressional leaders had given approval to his plan to reorganise the federal government subject to a veto by Congress of any specific measure to which it might object. Mr. Carter said that the meeting had demonstrated that there would be "remarkable compatibility" between himself and Congress. He added that, after running for so long as an "outsider" he was now beginning to feel very much like a "Washington insider."

Figures released to-day show that Mr. Carter spent some $35m. in his quest for the nomination and that much of the $13m. of this that was spent in the primaries came from Georgia. During his successful primary campaign the figures show that he spent the most on California, the nation's largest states, which he failed to win and that Ohio was the state on which he concentrated most in terms of spending per head of population.

Political struggle intensifies in Argentina

BY HUGH O'SHAUGHNESSY

THE STRUGGLE between the supporters of a classical laissez-faire economic system and the partisans of a strong role for the central government in the economy has sharpened in Argentina with the promotion to what is effectively the vice-presidency of the country of General Genaro Diaz Bessoni, a noted supporter of the latter view.

Gen. Diaz occupied the presidency during the absence last week on a visit to Chile of the President Gen. Jorge Videla.

Gen. Diaz is Planning Minister and his appointment recently was seen as a victory for the "nationalists" against the orthodox school which is led by the Economy Minister, Sr. José Martinez de Hoz. Sr. Martinez de Hoz is bitterly criticised by the "nationalists" for being too favourable to foreign capital.

The Economy Minister's position has been weakened by the labour troubles in the Buenos Aires electricity industry which caused numerous blackouts in the capital last month and by the continuing trouble in the Buenos Aires docks. Workers in both industries have been protesting against the government's wage freeze and reining in of living standards.

Sr. Martinez de Hoz is also thought to be vulnerable because of his evident desire to reach a modus vivendi with Britain on the question of Argentina's claims to sovereignty over the Falkland Islands.

The great strength of the Economy Minister is his connection with the international banking world and his feat in persuading the international banks to provide big credits for Argentina at a time when the country is facing very severe balance of payments difficulties.

Observers in Buenos Aires feel that the position of Sr. Martinez de Hoz is in no danger at the moment. It could, however, be called into question if Argentina's hopes for getting record income for its massive grain harvest this year are spoiled by continuing low price levels in the world commodity market.

Supporters of Sr. Martinez de Hoz are counter-attacking, claiming that if the "nationalist" line won the day and state planning came back into vogue this could be the beginning of a return to Socialism.

The publication of the official figures for the rise in the cost of living in October—7.4 per cent.—taken with the rise in the bread price, which came into effect at the week-end, is bound to increase labour pressure for a modification of Sr. Martinez de Hoz's adamant refusal to allow wage increases. The real value of wages is estimated to have fallen 40 per cent. in the course of 1976.

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THE GARY GILMORE CASE

Dilemma on Death Row

BY NANCY DUNNE IN WASHINGTON

IN THE NINE years since the last execution in the U.S.—of a self-confessed murderer in Colorado—opponents of capital punishment have fought grimly to maintain the moratorium on executions. Now, regardless of the fate of murderer Gary Gilmore, whose plan to be executed will now be considered on December 6 by the Utah Board of Pardons, after a meeting called for Wednesday had to be postponed because of his suicide attempt, it looks as if the abolitionists' campaign is about to fail.

It is four months since the Supreme Court ruled that the death penalty is not inherently the cruel and unusual punishment prohibited by the Constitution. Its opponents had argued that it was, and, in 1972, had convinced the court that the death penalty, as it was then rather haphazardly applied, was unconstitutional.

The intense interest in the Gilmore case stems from the prisoner's desire for immediate execution, his refusal to wait for appeal deadlines, and his opposition to the groups, who—against his wishes—have been scurrying for legal delays. Mr. Gilmore fired his original lawyers for appealing the penalty, and in a unique appearance before the State Supreme Court pleaded for the right to die.

"Don't the people of Utah have the courage of their convictions?" he asked. "You sentence a man to die—me—and when I accept this most extreme punishment with grace and dignity, you, the people of Utah, want to back down and argue with me about it." The court granted his plea, but the next day, Utah Governor Calvin Rampton ordered a stay in execution, asking the State Board of Pardons to review the sentence.

Mr. Gilmore seemed to accept the delay reluctantly, and asked that he be allowed to marry his girl friend, Mrs. Nicole Barrett, before he died. He then, apparently in a suicide pact with Mrs. to kill himself by taking a drug overdose.

Capital punishment opponents are battling for Mr. Gilmore's

> Some 400 convicts are waiting on Death Rows in 35 states.

life for a number of reasons. The Utah death penalty law has not been legally challenged since the Supreme Court's 1976 ruling, and the State statute lacks a provision for mandatory review which some lawyers consider a constitutional necessity. Eight other inmates are on the State's Death Row, and their appeals may be weakened if Mr. Gilmore is executed under the current State laws.

Away from the grotesque carnival-like atmosphere which has come to surround the Gilmore case are an estimated 400 convicts on Death Rows in about 35 States, who live in "psychologically devastating" conditions of little hope. Most are locked up at least 23 hours a day with little to do but file appeal after appeal, requesting reviews, new trials, stays of execution and clemency.

After 1972, with crime rates rising steadily, State governments speedily re-wrote their statutes in an effort to win Supreme Court approval. The number of death sentences under the new statutes increased to about 125 a year as juries seemed less reluctant to pass out the ultimate penalty—perhaps believing the issue would ultimately be resolved in the higher courts. The American people have perhaps yet to realise the extent of the executions which might be allowed to go ahead—far more than the one or two a year in the 1960s or even the dozen a year in the 1950s.

In July, the Supreme Court ruled the death penalty constitutional for murder if juries are given a chance to consider the defendants' individual records. Usually this is done in a separate proceeding after guilt is determined, with both mitigating and aggravating circumstances taken into consideration. Those State laws approved by the court

Gary Gilmore . . . pleading for the right to die.

Georgia, Florida, and Texas were carefully drawn to provide specific "due process" procedures.

Louisiana and North Carolina laws, which had mandatory capital punishment provisions, were struck down by the court, a ruling which invalidated the death sentences handed to about 300 of the 600 on Death Rows. However, many States moved immediately to pass new laws and amend old ones to comply with the new ruling. Capital punishment opponents are also waiting anxiously for a new Supreme Court decision on the constitutionality of the death penalty for rape.

Forty national, religious, civil liberties and civil rights organisations have combined to form the National Coalition against the Death Penalty. Its co-ordinator, Miss Deborah Levy, says that the real fear about the Gilmore case is that it will play into the "murder-suicide phenomenon" which some experts say encourages suicide-prone individuals to commit crimes in order to be killed by the State. Miss Levy argues, as death penalty opponents did unsuccessfully before the Supreme Court, that the execution of Gilmore "will put the public in even greater danger from disturbed people who want to become part of the violence."

The case of Gary Gilmore, who lost the will to live in prison, has not gone unnoticed on Death Rows. At the Texas State Prison in Huntsville, one of two men sentenced to die for murder has also asked for the earliest possible date for his electrocution, saying he does not "deserve forgiveness" for his crime.

Death sentences have been scheduled for other men this month and next, but they will most likely be appealed and stayed. The coalition is committed to holding off the "blood bath" for as long as possible, but they feel that in the next three to six months, State executions will again be in practice.

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OVERSEAS NEWS

Investment laws eased in Egypt

By Our Own Correspondent

CAIRO, Nov. 18.

IAJOR CHANGES in Egypt's oreign investment laws have een ordered by Deputy Prime linister Abdel Moniem el Kaissouny one week after he ook office.

The Egyptian newspaper Al Gomhuria reported to-day that ublic Law 43, which regulates oreign investment in Egypt, is be amended in response to iggestions by Arab and foreign ivestors.

Specifically, the amendments e to establish for the first time iat money may be taken out of ie country at the same exchange te at which it was brought in, l Gomhuria said.

Confusion over exchange rates id the repatriation of profits is been frequently cited by estern businessmen as an imdiment to investment in gypt. Also, the corporate tax liday of five to eight years, as tablished in the investment w, will be increased to more an a five-year minimum. The wspaper did not say by how ich more.

The individual income taxes on reign employees working in gypt will also be exempted for as yet undefined period.

New executive procedures to t back the complicated bureaucy will be established in an empt to eliminate the long lays investors now find in tryg to establish themselves in ypt, Dr. Kaissouny said.

The government is to deterne which areas of the economy st need foreign investment.

Australia blocks U.S. anti-trust action on uranium companies

BY KENNETH RANDALL

CANBERRA, Nov. 18.

LEGISLATION WAS pushed through the Australian Parliament to-night to block U.S. anti-trust action against four Australian uranium companies, the Ranger Partners, EZ Industries, Peko Mines, and Mary Kathleen Uranium, the CRA subsidiary.

The action arises from the complex legal wrangle in the U.S. involving Westinghouse Electric and the cancellation of its uranium supply agreements with a number of U.S. utilities.

Westinghouse is claiming treble damages, which could amount to about $A7bn, against 29 U.S. and foreign uranium producers, including the Australian companies, because of alleged price-fixing arrangements.

They in turn are being sued by 16 American utilities for non-supply of uranium under the disputed contracts and are resisting the claims on grounds that allege contravention of American anti-trust laws.

In the coure of this defence Westinghouse has lodged formal requests with the Supreme Court of New South Wales for the taking of evidence and the production of certain documents involving the uranium companies.

Simultaneously in the U.S., a grand jury is investigating whether criminal prosecutions are warranted against the uranium producers allegedly involved in a price-fixing cartel through talks which began in 1972.

The Australian uranium companies have insisted that there were no cartel arrangements and that the various meetings of international uranium producers were aimed at some form of orderly marketing. In pressing the Government for the action it took to-night, they have pointed out that they took part in the 1972 talks at the suggestion of the Australian Government of the time.

Introducing the bill, the Attorney-General, Mr. Robert Ellicott, QC, said that claims were being made that the U.S. anti-trust laws operated outside the U.S. to an extent "which is beyond what is generally conceded in international law and beyond what other countries are presently prepared to concede in relation to the pending proceedings."

The Queensland Trades and Labour Council has decided to strengthen its stand on bans blocking the transport of uranium products from Mary Kathleen Mine in north-west Queensland, Reuter reports from Brisbane. It has called for an immediate stop to the *mining and export of uranium*.

Mr. Ellicott said similar claims had been resisted by other countries on other occasions. He cited the 1964 British legislation to block American attempts to regulate shipping between the two countries and recent Canadian action, similar to Australia's, on the uranium wrangle.

The new Australian law gives the Attorney-General unprecedented powers to block actions such as the current anti-trust inquiry, even to the extent of putting them beyond challenge "in any court."

Mr. Ellicott is expected to issue the necessary orders on the Westinghouse action immediately the Bill is signed into law by the Governor-General to-morrow.

Meanwhile, the Australian Uranium Producers' Forum, representing all uranium companies, has described the latest policy on uranium adopted by the Parliamentary Labor Party as "irresponsible, irrational and contrary to Australia's national interests."

The Forum chairman, Mr. G. A. Mackay, said the Labor Party had taken the easy way out "by bowling to the subjective judgments of militant trade unions and the conservation lobby.

The Labor policy says that existing uranium contracts should be honoured but no new uranium mining developments permitted. Any future Labor Government "will not be bound to honour any future contracts entered into by the present Government."

The decision by the parliamentary party runs counter to the existing official platform of the party although it is generally in line with what is expected to emerge from the review of policy at the next national conference of the Labor Party in July.

S. Africa bans more unionists

By Graham Hatton

JOHANNESBURG, Nov. 18.

SOUTH AFRICA Police Minister James Kruger to-day switched his attack on the black unions to the Durban area serving banning orders on seven people closely involved with the African union movement there. They have to stop all union work and may not attend social gatherings or leave the town.

The seven are Mr. Charles Simkins, lecturer in economics at the University of Natal and former research officer for the Durban unions; Mr. Alpheus Mthethwa, general secretary of the Metal and Allied Workers Union; Mr. Christopher Albertyn, organiser in the National Union of Textile Workers; and four employees of the Institute for Industrial Education, which provides educational services for the Durban trade unions—Mr. Michael Murphy, his wife Jeanette, Miss Patricia Horne and Mr. John Copelyn.

There has been widespread international reaction to the banning earlier this week of three officials of the British TUC-backed Urban Training Project, which provides advice, training and services to eight African unions.

The International Metal Workers Federation which represents 13m. workers in Western countries, says it will "launch a world-wide campaign of support for the victims of this latest infringement of human rights

Beirut airport to reopen to-morrow

BY RICHARD JOHNS

BEIRUT AIRPORT will open to-morrow, just three days after the occupation of the city by the predominantly Syrian Arab joint peace-keeping force brought the guns of the warring parties to silence.

Fighting erupted in the north and south of Lebanon on Wednesday evening and continued yesterday. But Middle-East Airlines announced that it was sending in its first flights from Paris, Geneva and Rome since the closure of the airport in the summer. It is planned to resume the service from London on Sunday.

This will be the most effective demonstration yet that life in the capital has been brought back to normal. President Elias Sarkis was known to be anxious that the airport should be back in action before November 22, Lebanon's national day.

Our Own Correspondent reports from Beirut: Fighting escalated in two regions of Lebanon on Thursday as Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation prepared to discuss inter-Palestinian clashes with Syrian President Hafez Assad in Damascus.

The north and south of Lebanon have been the scene of heavy fighting since yesterday afternoon between Left-wing Lebanese Moslems and Christian Right-wing factions, with reports from the south claiming that Israel was actively supporting the latter.

Inter-Palestinian clashes, on the other hand, took place between the Syrian-backed Al Saiqa organisation and the Democratic Front for the Liberation of Palestine, the Marxist-orientated organisation led by Mr. Naif Hawatmeh, one of several that have reluctantly accepted Syrian presence in Lebanon.

The north and south of Lebanon are the only remaining areas which the Syrian-dominated Arab peacekeeping forces have yet to enter in the third and last phase of their security plan for the country. The first and second phases of the plan have already placed the Arab forces in control of nearly four-fifths of Lebanon.

Fighting in the northern region of Tripoli "was the fiercest in around a month," reports from the area said Thursday. Left-wing forces in the city including the Moslem breakaway faction of the Lebanese Arab Army which is supporting them, exchanged mortar, rocket and artillery fire with the Right-wing "Marada" militia of former President Suleiman Franjieh based in nearby Zogharta, the reports said.

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ON OTHER PAGES

Libya role in Filipino rebel talks

The Philippines Government and Moslem separatists open talks in Libya next month which could be crucial to a peaceful settlement of a rebellion in the southern Philippines, Reuter reports from Manila. The move follows a four-day visit to Libya by Mrs. Imelda Marcos, wife of the Philippines President.

Iran oil income

Iran's income from oil this year will reach a record $22bn., the state-owned National Iranian Oil Company said, Reuter reports.

This compares with earnings of around $19bn. in 1975 and $43.5bn between 1973 and 1975 from the sale of 7.9bn. barrels of oil.

He told a Pen Club meeting Iranian crude is now priced at $11.12 per barrel.

NZ meat shutdown

New Zealand's vital meat killing and processing industry will shut down to-day when 15,000 workers are dismissed, writes Dai Hayward from Wellington. Unions have refused to load meat for export to support a demand for $NZ1.50 a day travelling allowance.

Pakistan elections

Political circles in Pakistan were wondering yesterday whether Prime Minister Zulfikar Ali Bhutto intends to postpone general elections due next year after he pointed out on Monday that the constitution provided for postponement of elections for one year, Reuter reports from Islamabad.

GYPT'S EXPERIMENT WITH EMOCRACY

Still far from the people

BY MICHAEL TINGAY, CAIRO CORRESPONDENT

ESIDENT Sadat's carefully hestrated experiment with ited democratic freedoms has duced a Parliament in which tigial political parties form a ernment and an opposition.

he announcement last week the formal establishment of e parties from the political anisations of Centre, Left and ht within the Arab Socialist on followed the comfortable :ory by the Arab Socialist anisation of Prime Minister ndouh Salem, which won 280 the 342 seats in the People's embly elections.

ollowing run-off elections in of Egypt's 175 two-seat conuencies, the composition of iament is: Centre Party, 280 s; Progressive Socialists (led Khaled Mohieddin), two seats; Socialists (under rightr Mustafa Kemal Mourad), eats; Independents, 48 seats; inted members, 10 seats.

re than 70 members on indent tickets were actually ed but, partly by prior gement and partly under iasion from the Prime Minimore than 20 of them immely declared allegiance to the ist Party. One of the right-candidates had already the same.

inet sources confirm that the People's Assembly s to feel its way into its role, each party will be a newspaper as the Presiiries to mould his new Parnt into a political baro- to succeed the moribund Socialist Union, formerly only legal party. This lent Sadat hopes, will e him to gauge the gravity pular grievances before they le on the streets.

gamble is in making more osmetic changes while hopposition expression will be ned easily by the Prime er's huge majority.

task ahead for the Govnt is enormous. Only in nber the Head of State and rime Minister were delia grim warning of how y economic discomfort is ated into a security probhen an illegal bus drivers' brought Cairo to a stand-The latent power of the

lat hopes the new liament will ble him to gauge gravity of pular grievances ore they explode the streets.

orce was emphasised when, om having leaders locked resident Sadat personally with the leader of the

extent to which Egypt's people are governed by is frightening. Two s of power control the y, the Army and the y of the Interior. This members of the armed were quietly disenfranapparently without a r, to join the police in tatus as observer-guardians electoral process.

reas the army has power not exercise, the police exercise power they do not possess. For instance, the recent Arab summit nce when tough security es were combined with a ing up in traffic control, policemen have tried to impose order on the chaotic Cairo traffic. But no-parking signs are only obeyed if each is manned by a policeman.

If Cairo is difficult to run, Upper Egypt appears to operate independently of central Government. Earlier this year a series of highway and train robberies by gangs in the southern Egyptian hills above Qena and Nag Hammadi, who have defied police for years by a system of pay-offs and by outgunning the militias with arms abandoned

President Anwar Sadat

from the 1967 war, became so embarrassing that the army was sent in.

Two brigades fought a running battle in sugar fields for a fortnight during cane-cutting time. Over 100 bandits were arrested, with an unknown number killed. More than 1,300 weapons were captured including heavy artillery pieces, anti-aircraft guns and light and heavy machine-guns. Despite the action going to the hills remains a traditional way of side-stepping legal problems, especially where family blood feuds are involved. Taxes are still imposed by gangs on farmers and travellers in this very rough countryside.

Many Egyptians believe that new taxes designed to raise money from capital gains and income from agricultural land and rented property stand no chance of successful implementation. Revenue from direct taxation is tiny compared to the punitive rates theoretically in force. Nor are parts of the Government immune from disrespect for rules, so much so that one foreigner observed that "Egypt revolves in a refreshing cycle of gentle anarchy." Government departments and agencies are turning a blind eye to discreet purchases of real estate and land far above the legal limits of 50 acres per individual. Despite announcements in the Press of raids by police capturing tons of hashish, local users seem to have few complaints about unsteady supplies, so that one wonders where marketing activities are not carried out by more people than simply smugglers and account for their actions in middle-men.

President Sadat called on his new Cabinet to be ready to account for their actions in Parliament and asked both to be less distant from the people. But while the new machinery of Government is gradually being tried out the gulf between Government and the actualities of life for the rural peasant or urban poor seems as great as ever. It is doubtful whether the new political experiment can bridge it.

EUROPEAN NEWS

Oil price rise danger, says Perez

Venezuelan President, Sr. Carlos Andres Perez, to-day described proposals to raise oil prices by up to 15 per cent. as dangerous, Italian sources said, Reuter reports from Rome. The sources quoted the President, now on an official visit to Italy as telling Italian President, Sig. Giovanni Leone, that his country would play a moderating role in OPEC talks in Qatar next month on possible price rises. At the same time, President Perez stressed that oil was Venezuela's only instrument for negotiating with industrialised countries. He added that, in recent years, the commodity had lost 32 per cent. of its value.

Oil threat to Nine

An increase in oil prices by the Organisation of Petroleum Exporting Countries would mean the 1977 targets set by the EEC Commission for restoring the Community's economic health would definitely not be achieved, Commission Vice-President Wilhelm Haferkamp said, Reuter reports. The Commission wants to see real growth next year of 4 per cent., cuts in the unemployment level, currently running at around 5 per cent., and a reduction in the present 7-8 per cent. rate of consumer price rises.

Swiss referenda

THE Swiss Federal Council has fixed March 13, 1977, as the date for two national referenda aimed at cutting back the number of foreigners or naturalised Swiss living in Switzerland, writes John Wicks from Zurich. One is that of Dr. James Schwarzenbach's Republican Movement foreseeing a reduction of the number of resident foreigners by some 300,000 over the next 10 years; the other is the motion of the National Campaign against Foreign Infiltration of People and Homeland aimed at limiting to 4,000 a year the total of naturalisations.

EEC poison move

The EEC Commision in Brussels *announced yesterday a plan to cut* by half exposure of workers in plastics industries to the toxic chloride monomer gas, writes David Buchan. The draft directive aims to reduce the risks of VCM poisoning that has killed 53 plastics workers world-wide, including one in each of the British companies of ICI and British Petroleum.

Austria inflation

Austria's annual inflation rate remained unchanged at 7.2 per cent. in October, compared to the same month last year, Paul Lendvai reports from Vienna. Between September and October, there was a slight increase of 0.4 per cent. The inflation rate is calculated in terms of the consumer prices.

W. German rolled steel orders show further fall

BY GUY HAWTIN

FRANKFURT, Nov. 18.

ORDERS FOR West German rolled steel finished products fell further in October, it was disclosed to-day. This *follows last* month's news that September's bookings were the fourth lowest since 1970. According to the Iron and Steel Industry Federation, new orders last month amounted to only 1.43m. tonnes — 4.3 per cent. below September's depressed figure of 1.49m. tonnes.

The figures—which do not include semi-finished products, hot-rolled *broad strip and special* steels — take the August-to-October monthly average order rate down to 530,000 tonnes below the average monthly bookings recorded in the first half of the year.

September's figures, which were bad enough by any standards, were only slightly better than the total for September 1970 and 1971, and showed only a small improvement on those for August last year — the low point of the 1975 recession.

Domestic demand in October perked up a little, rising by 2.1 per cent. from the previous month's 948,000 tonnes to 968,000 tonnes. However, the improvement was still insufficient to take bookings back to August's meagre 983,000 tonnes.

Orders from other EEC countries were down by 4.1 per cent. from 170,000 tonnes to 163,000 tonnes. Bookings from countries outside the EEC — already down by 19.4 per cent. in September — dropped by 30.5 per cent. from 376,000 tonnes to 299,000 tonnes. At the same time the industry's total order book slid by 7.8 per cent. to end October at 3.25m. tonnes.

The Federation this month gave no reasons for the decline in bookings. However, the strength of the Deutschemark could be a factor. The West German industry is also facing stiff competition from imports from both outside and inside the EEC, but notably from Japan. Since autumn last year imports have increased by 25 per cent., and by August controlled 29 per cent. of the domestic market.

FDP open to coalition variety

BY ADRIAN DICKS

Bonn, Nov. 18.

THE WEST German Free Democrats, junior partners in the coalition Government, will open a party conference in Frankfurt to-morrow which is expected to endorse the plans of the party leader, Herr Hans-Dietrich Genscher, to set federal policy for the next four years with the Social Democrats in Bonn, while allowing local state parties to join forces with the Christian Democrats where they can and if.

Herr Genscher himself, after a busy week in Brussels proving the FDP's weight in the Bonn coalition, is likely to be re-elected to his post without opposition. Only one of the seats on the party committee is being contested, and may provide something of a trial of strength between the FDP's Left and Right wings.

However, there will be no formal *vote on the merits of* the coalition negotiations now going on between FDP leaders in Saxony and the Saarland and their CDU colleagues. Herr Genscher is expected to defend their right to do so, with the argument that it is up to state parties to further the FDP's liberal principles in the manner they consider most suited to local conditions.

At the same time, he will reiterate the party's commitment to the SPD under Herr Helmut Schmidt, and will probably ask for what amounts to a blank cheque to negotiate the details of the coalition Government's policy statement for the next four years. On only two points is the conference to be given the opportunity to give the four FDP members of the Federal Cabinet its advice on matters of substance: over health policy, *where* the Left and Right of the party are at odds over proposed changes in hospital treatment, and over the heavy-handed law on extremists.

It will be left to the Interior Minister, Herr Werner Maihofer, to explain that liberals may have to go on putting up for a while longer with the much criticised *Berufsverbot* law, which makes it hard for people of left-wing views to get jobs anywhere in the public sector. On another matter, however, Herr Maihoffer has already shown himself to be sensitive to party feelings. This was in connection with the growing storm in Germany over nuclear power, when the Minister remarked recently that it would be impossible to push the Government's power plant programme ahead in the face of citizens' opposition.

Gaullist mayoral defiance

PARIS, Nov. 18.

THE PRO-GOVERNMENT Gaullist Party to-day threw a direct challenge at President Valery Giscard d'Estaing by rejecting his nominee for Mayor of Paris, a powerful new post to be established in March.

The Gaullists, increasingly antagonistic towards the Independent Republican President in recent weeks, objected to his choice of Industry Minister, M. Michel d'Ornano, also an Independent Republican, as Government candidate for the post. Angry at the way in which M. Giscard sought to impose his will on the Paris political scene, in advance of the March municipal elections, the Gaullist Party executive bureau announced that it would inform Prime Minister Raymond Barre of its negative decision.

The Gaullist leadership wants to put forward one of its local members as leading Government candidate for the job. M. d'Ornano is an aristocrat from Normandy. Both the Gaullists and the Independent Republicans are part of the Government coalition, but the Gaullists have been taking an increasingly tough line with M. Giscard

Andreotti visit confirmed

By Dominick J. Coyle

ROME, Nov. 18.

ALTHOUGH STILL described officially here as being only "probable," it is now known that Sig. Giulio Andreotti, the Italian Prime Minister, will visit the U.S. early next month. The visit is likely to start on December 5 or 7, and Sig Andreotti will be accompanied by Foreign Minister, Arnaldo Forlani.

Bilateral arrangements are continuing in Washington on the precise details of Sig. Andreotti's official visit.

Choice for JET site narrowed

By Guy de Jonquieres

BRUSSELS, Nov. 18.

THE DECISION on the site for JET, the EEC's ambitious thermo-nuclear fusion project, has now been effectively narrowed down to a choice between Culham, Berks, and Garshing in Germany, though France is continuing to fight a rearguard action in favour of its facility at Cadaracag.

This emerged at a meeting of EEC research ministers here to-day, at which it was also agreed in principle that Governments should try to reach a final decision on the site for the venture, to be built at a cost of about £60m., by the end of this year.

In a round-the-table poll, all but the French and Italian representatives at to-day's meeting agreed that the eventual site should have an existing research capability in plasma physics, the scientific discipline used in thermo-nuclear fusion. Of the four main sites under consideration, only Culham and Garshing meet this requirement.

Mr. Alex Eadie, Parliamentary Under-Secretary at the Energy *Department*, who represented Britain at the meeting, later said that he was pleased at the progress made both on JET and on the related question of a new financing plan for the Community's joint research programme.

This plan, calling for expenditures of about £150m. over the next four years, was provisionally approved to-day after the U.K. scaled down its demands for sharp cuts in staffing at the EEC joint research centre. But both Britain and Germany made their final consent conditional on Ispra in Italy not being chosen as the JET site.

Though originally favoured by the EEC Commission, Ispra has now dropped out of the running. But in return for agreeing to relinquish its claim, Italy has insisted that the financing plan should be large enough to ensure that Ispra is awarded a sizeable amount of other reseach work.

A good deal of further discussion must take place before a final decision on the JET site can be made. A majority of Governments favour a straight up and down vote, but France is opposed, and a way must be found to reconcile these differing conditions.

France's chances of securing the JET site now seem very slim, all the more so because of its insistence that the lion's share of the work should be given to national scientists rather than to Community researchers, as Commission has proposed. But if it sticks by its current position it could complicate the process of reaching a final decision.

THE FRENCH STEEL INDUSTRY

A deep depression

BY DAVID CURRY IN PARIS

THE GRAVITY of the crisis in the French steel industry, already underscored by short-term working and lay-offs affecting 50,000 workers in Lorraine, has been emphasised by rumours that the industry in this region is planning to reduce its work-force by up to 20,000 men, and by the statement from the Minister of Labour, M. Christian Beullac, that productivity is inadequate and that a cut in jobs is necessary.

Although M. Jacques Ferry, the head of the French Steel-makers' Federation, has said no new rationalisation plans yet exist, he admits that studies are under way to tackle the problem and that some cuts in manpower are probable.

While denying that there is any structural weakness in the steel industry—which has spent some Frs. 42bn. at current prices on new plant in the past 10 years—he admitted that it was particularly vulnerable to crisis because of its high level of indebtedness, and its inferior productivity compared with competitors as a result of its need to safeguard employment.

The French steel industry took its present shape in the course of the restructuring programme undertaken in 1966-69. This period saw the emergence of two relative giants — Sacilor-Sollac and Usinor—who between them account for two-thirds of the country's output. In the course of these changes, employment in the Lorraine steel industry fell by 15,000 jobs due to retirement, natural wastage and transfers.

Lorraine now provides some 80,000 shop floor jobs and produces almost half of French steel. Another third is produced by some 37,000 workers in the traditional steel area around Valenciennes and the new coastal site at Dunkirk. About 21,000 men work in the central sector around Le Creusot, and the rest of the industry is scattered in Normandy and the South, including the Fos development on the Mediterranean.

Further large structural changes are ruled out. Usinor and Sacilor are modestly large by European standards (8m. and 6m. tonnes output respectively last year), while the emphasis of the Government's seventh plan is on expanding coastal production and modernisation in Lorraine.

Fos, near Marseilles, has become a victim of the depression. The two big French companies hold between them 95 per cent. of the Fos operation with the German concern Thyssen having the remaining 5 per cent. Originally it was intended that the first stage of development up to 3.5m. tonnes a year would be completed in 1975 and that a second stage doubling production woud begin immediatey with Thyssen raising its stake to 25 per cent.

The second stage is hanging fire and the new capacity it would add may not be needed until the 1980s. If the project is resumed next year it will be already two and a half years late.

The plant at Dunkirk is owned by Usinor, which has completed its major expansion to 8m. tonnes a year. Growth, until 1980, will consist mainly of adding the second heavy plate mill.

It is in Lorraine that the recession has struck hardest. One reason is the relatively low productivity of a region which has by and large very old facilities. In 1974, France required

The French steel industry will need up to Frs.3bn. next year in investment funds, after about Frs.2.8bn. investment this year, industry sources said, Reuter reports from Paris. *Its financing group*, GIS, is planning to float a bond on the domestic market before the end of the year, and possibly within the next two weeks, they said. The French Steel-makers are expected to have talks *shortly* with the French Government on the granting of aid to the industry, the sources said.

10.8 man hours to make one *tonne of steel*, while the rest of Europe—apart from the U.K. with 12 man hours—ranged from Germany's 7.7 man hours to Luxembourg's 6.5.

Second, long products—destined for the metallurgical, building and capital goods industries—have suffered more from the recession than flat products, and Lorraine, particularly Sacilor, is heavily geared towards making long products.

The French steel industry is deeply in debt. Turnover this year should reach Frs.34bn., while the balance sheet will carry Frs.33bn. of long- and medium-term debt. Of this debt, about 20 per cent. is owed to the State on loans bearing an interest rate of around 9½ per cent., and some 7 per cent. to the European Coal and Steel Community (ECSC) at comparable rates. Repayment of principal and interest costs around Frs.2.5bn. a year—in other words roughly equivalent to the most optimistic guess for 1977 investment.

The level of investment has been steadily declining from 1973's Frs.5.4bn. to an estimated Frs.2.8bn. this year. The main priorities until 1980 are the resumption of expansion at Fos, the limited growth at Dunkirk and the modernisation of the Sacilor plants in Lorraine wi... their output of some 3.3m. tonn... This project will account fo... large *share of the Frs.2bn.* to b... spent in the region between ... and 1980, while Usinor inv... ment to modernise its facili... may total around Frs.650m. ... raine capacity for growth is ... existent because of the short ... left to the region's reserves ... iron ore.

Domestic prices are som... 25 per cent. below the best le... of 1974, while wage and ... material costs have risen ... 30 per cent. Output national... this year is put at 23m. tonn... 2m. tonnes down on earlier hop...

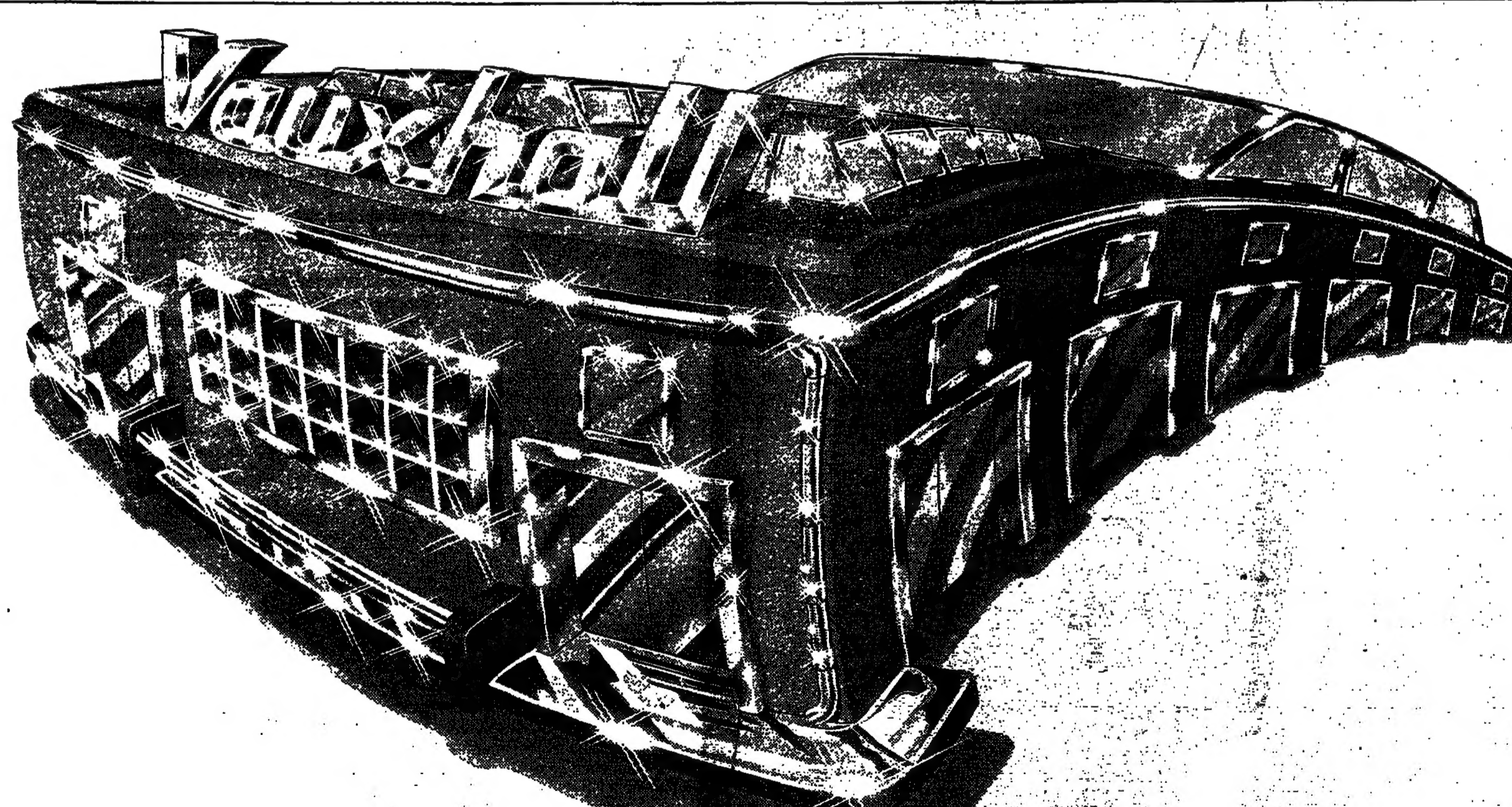
The EEC market has be... depressed by imports. Histo... ally, importers have taken so... 8 per cent. of the Communi... market. Over the second ... of 1975 this reached 8 per ... and in the middle quarter ... 1976 it reached 11 per cent. ... a consumption of about ... tonnes. Japanese impo... accounted for 14 per cent. ... *this, but EEC officials noted* ... a string of countries never befo... exporting to the EEC had beg... to ship significant quanti... including Brazil, South Afr... and South Korea, while the E... Europeans remained the bigg... exporters to the Community.

On third markets, the situat... was even more serious. In Sp... where traditionally the EEC ... had two-thirds of the mark... it was down to 20 per cent. in ... the first six months of 1976, ... the Japanese share was up fr... 20 to 60 per cent.

The industry professes to ... a glimmer of light. In parti... lar it hopes that the dress... down given to Japanese offici... in Brussels and Paris on ... need to adjust the trade bala... will bring home to the Japan... Government the importance ... imposing export restraint on ... companies.

In Europe, France thinks ... proposals to reinforce the ac... ties of the ECSC move in ... right direction provided that ... include provision for rapid ... semi-automatic reaction to ... crisis and for production ... at the company level ... not popular across the ... Paris also insists that ... part problem must be ... systematically than hitherto.

On the domestic front ... legislative election of 1978 ... large. Though steel is not on ... current list of rationalisation ... didates agreed by the Social... Communist alliance, which is ... pected to win the election, ... Communist CGT union which ... dominant in the steel indus... has demanded the inclusion ... steel.



صكنا من الاجل

European nations likely to agree on arms co-operation

BY MALCOLM RUTHERFORD

FRANCE AND the other European members of the Atlantic Alliance are expected to reach agreement in principle on a joint approach to arms procurement when the European Programme Group (EPG) meets in Rome next week.

The meeting will seek to establish the general guidelines for arms co-operation in Europe and could thus pave the way for a joint approach to the U.S. to try to create a more equal traffic in arms purchases between Europe and North America.

The EPG was constituted only last February. Its importance lies in the participation of France, which has always refused to join the ten-nation Eurogroup, where European arms co-operation has been discussed in the past.

It is acknowledged in the Eurogroup that co-operation without France — which is a major arms producer — can be only limited. At the same time, the French appear to have recognised that co-operation is necessary if their own armaments industry is to secure sufficient export orders.

Since its formation, the EPG has set up a number of sub-groups to look at various aspects of the problem. All members have submitted their current plans for national arms replacement programmes over the next 10 to 15 years and there has been an attempt to harmonise these as much as possible.

One group is now looking at the immediate prospects for harmonisation in about ten fields.

There have also been detailed discussions on the economics of co-operation in the widest sense. This includes the question of compensation to countries which might be asked to give up national production programmes in the interests of a more integrated European armaments programme.

The Rome meeting will take place on November 22-23, only a *fortnight before the winter series* of Nato meetings where the question of arms standardisation and interoperability will be discussed by the Alliance as a whole. The expectation is that *it will be sufficiently successful* to allow a statement on the progress so far to be published at the end.

Counter to Soviet missile

BY OUR FOREIGN STAFF

DR. JOSEPH LUNS, the Nato Secretary-General, confirmed yesterday that the U.S. is taking additional measures, beyond the sending of more nuclear weapons-carrying aircraft to Europe, to counter the probable deployment of the Soviet SS-20, intermediate range ballistic missile.

The SS-20 has emerged as one of the most immediate factors threatening to undermine Nato's long-held superiority in tactical nuclear weapons. Mr. Donald Rumsfeld, the U.S. Defence Secretary, said yesterday that it could be deployed "at any time."

With a range of about 2,500 miles, the SS-20 is a mobile missile which is believed to be equipped with multiple, independently-targetable, re-entry vehicles (MIRVs). Its range means that it could be deployed inside the Soviet Union and be able to reach all major West European cities, but does ot count as strategic, in the sense used at the strategic arms limitation talks (SALT), which are confined to intercontinental missiles. Its mobility means that it does not have to be launched from fixed sites, and is therefore more difficult to locate.

Speaking at a press conference in London after the meeting of the Nato Nuclear Planning Group (NPG), Dr. Luns said that the U.S. was taking electronic measures to counter the missile, and suggested that it was also introducing new methods of surveillance, presumably both of location and targeting. This follows recent announcements that the U.S. is to increase its air defence capability in Europe next year. Dr. Luns added that, despite the counter-measures under way, deployment of the SS-20 would still have an adverse effect on the nuclear balance in Europe.

The NPG meeting also discussed for the first time the implications for Europe of the new cruise missile technology which could, in theory, redress the balance in favour of the west. These are relatively cheap to produce, can be launched from a variety of platforms, and can be nuclear or conventional. But their deployment in Europe is still many years away.

USSR output

MOSCOW, Nov. 18.

INDUSTRIAL output in the Soviet Union rose by 4.5 per cent during the first 10 months of 1976, according to the official Tass news agency.

In the January to October period, the USSR produced 431m. tons of oil, 264bn. cubic metres of natural gas, 591m. tons of coal, and 904bn. kilowatt-hours of electric power. UPI

East Europe

Loosening economic ties, discontent in Poland and 100,000 seeking to leave East Germany are just some of the problems facing the East European bloc's annual meeting next week. David Lascelles examines the . . .

Signs of strain in the Warsaw Pact

WHEN Mr. Leonid Brezhnev and his fellow East European leaders, flanked by their generals, gather in Bucharest next week for their annual Warsaw Pact summit, they should have a packed agenda. There are the implications of the U.S. and West German elections, the demise of Chairman Mao and the military aspects of the Helsinki Agreement to discuss.

But things have moved inside the Pact, too. The many bonds that hold the Soviet bloc together — ideological, economic and political — have all changed somewhat, some for the better, others for the worse.

The most striking change is the appearance of a new Soviet Defence Minister, Dmitri Ustinov, following the death of Marshal Grechko last spring. Though hastily promoted, *Marshal Ustinov* has a civilian background in defence-related industries. This marks a departure from the Kremlin practice of giving the job to career soldiers, which could produce some, albeit marginal shift of emphasis in the Soviet defence effort.

Speculation

Last spring also saw the death of General Shtemenko, the Chief of Staff of the Warsaw Pact forces, and his replacement by another Russian, General Grybkov. There was a delay of several months in this appointment, which gave rise to speculation that other Warsaw Pact members had renewed demands that one of their number be given a high post. These demands are believed to have been made several times in the past.

The fact that they have got nowhere confirms that Moscow is not prepared, even for the sake of appearances, to relinquish its hold over the Pact, or for that matter, over the Pact's defence industries. With only minor exceptions, the Russians produce all important military equipment, though they draw heavily on components from other Pact members.

Most of the new East European Five Year Plans talk of the need to cater for defence; most explicitly the Czechoslovak plan, which lists an increase in defence capability among its top economic priorities. The fact that non-Soviet military production is based on Soviet specifications gives the Pact a useful edge over Nato in equipment standardisation.

Although the loss of the top secret MiG-25 to Japan marks a serious breach in the Pact's security, especially since initial investigations show that this much feared machine is not as advanced as once supposed, there is nothing to suggest that the Pact's preparedness has weakened.

The Soviet Union is increasing the size of its forces, and has recently produced new types of aircraft, naval vessels and missiles. And while its technology lag vis-a-vis the U.S. in some types of weapons like the Cruise missile may worry the military, the Pact's overall capability remains enormous.

If the Pact has problems, they stem more from economic and political strains within the grouping, and these are certain to be discussed in Bucharest.

The main threat to unity is the Pact's declining economic self-sufficiency. To some extent this is intentional. Led by the Russians, all East European countries have been raising their share of trade with the West, mainly to buy equipment and technology to speed up their development. It could be argued, of course, that these imports strengthen the military-industrial base. But there are other factors at work, too.

The ups and downs of the Soviet harvest have virtually wiped out the Russians' role as major food suppliers to the rest of the Pact. The country with the highest reliance on the Soviet Union for grain is the GDR, with 10 per cent. But this country imports similar amounts from outside the bloc; so does Poland, which has signed a long-term delivery agreement with the U.S. Czechoslovakia, the only other country which imports Soviet grain, hopes to become self-sufficient in the next year or two.

Reliance on Soviet energy, particularly oil is much higher, though here again the trend is downwards. In 1970, the Russians supplied about 65 per cent. of the oil consumed by their Pact allies. Last year this proportion had dropped to 60 per cent., and by 1980 it is expected to drop further, to around 55 per cent.

To some extent this will be offset by higher deliveries of Soviet gas and nuclear fuel and equipment. Even so, the smaller Pact countries will have to make up a widening oil deficit on world markets. To do this they will have to export more outside the Pact to earn the necessary money.

The result is that the Warsaw Pact is becoming relatively less important to its members as a trading bloc. In 1970, Pact members did 60 per cent. of their trade with each other. Last year it was 54 per cent., and this share could easily drop below a half in the next few years, even if the pace of East-West trade begins to slacken.

Because of this, the economic integration programme being pursued under Comecon auspices has fallen behind schedule, and the orignal 1980 target date has been quietly dropped.

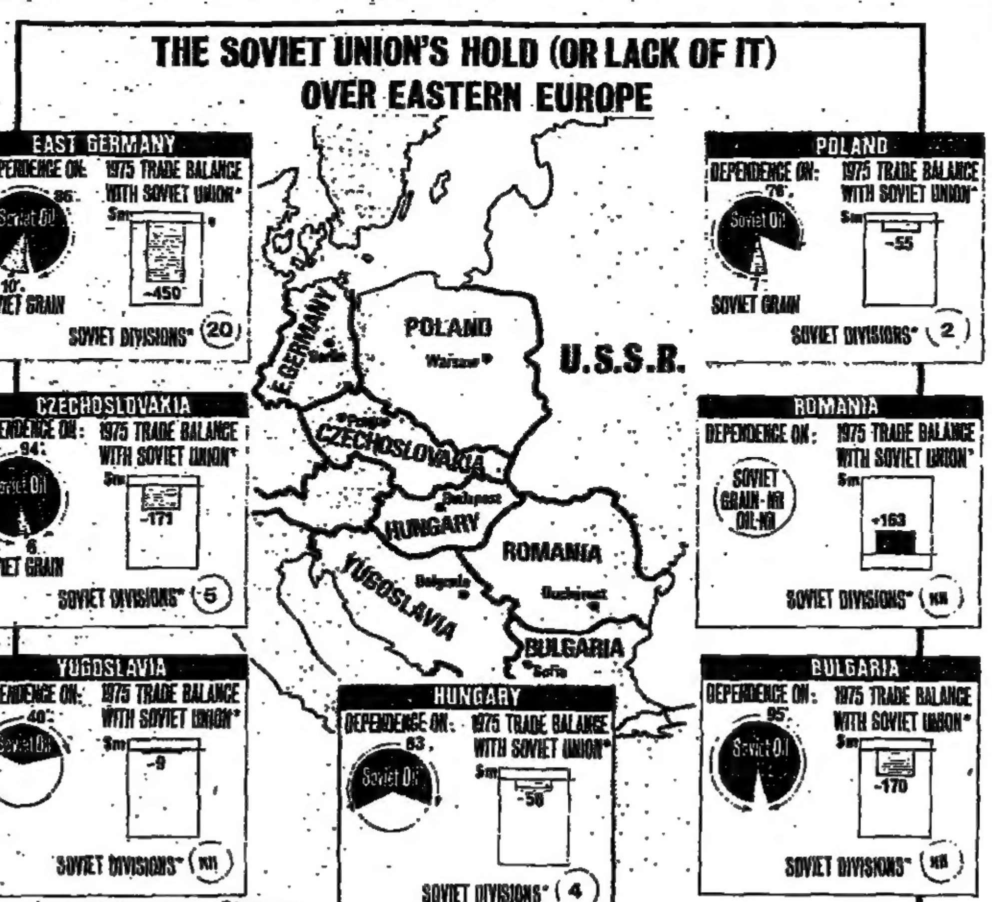
Politically, the Pact's biggest worry stems from the situation in Poland, where the government has found it impossible to get the people to accept economic measures, which as as necessary as they are unpopular.

While these dangers would already have been eliminated if they had cropped up in a less tolerant country, it seems reasonable to assume that ordinary East Europeans are becoming more self-assertive elsewhere too, making it difficult for government to allocate their resources as the Pact's interests dictate.

And though only Poland has reached a state of crisis, the fact that other countries are having to help it out put a strain on the resources of the Pact as a whole.

The other country that must be causing concern is East Germany, where the present signs of ferment, though small would provoke a far worse crisis than Poland's if they got out of hand. East Germany is not only the Pact's bulwark. Over 100,000 of its still shrinking population have asked to leave. The fact that the Russians keep four times as many divisions there as anywhere else speaks for itself.

To some extent these political strains have been counterbalanced by fresh affirmations of solidarity. The very fact that Romania, the Pact's most reluctant member is hosting the summit marks a gain for the Russians. True summit venues are rotated between members. But Romania somehow managed to avoid being chosen for ten years, and as the diagram shows, its reliance on the Russians is negligible. In fact, it is even lower than Yugoslavia's, which though not a Pact member is included here for comparison.



Stepped up

Ideological collaboration in East Europe has also been stepped up, boosted by the recent round of party congresses and the Berlin Communist conference.

Whether this is a sufficient counterweight remains to be seen. The Russians probably think it is, because on the economic front at least, they have the power and resources to tighten mutual dependence. (They have enough oil to satisfy all the Pact's needs, but their policy is currently to sell a portion of it on the hard currency markets.)

And the Pact's present difficulties are not comparable to Nato's, where economic and political strains have been taking a toll for some time. Few voices inside the Soviet Union can be heard clamouring for defence cuts, even though the Russians are now estimated by the West to be devoting some 15 per cent of GNP to their military effort. And it is now over eight years since Czechoslovakia provoked the last major crisis between Pact members.

Yugoslavs will stay on alert

BELGRADE, Nov. 18.

YUGOSLAVIA has served notice that it will not relax its defences, despite a public assurance from Soviet party leader, Mr. Leonid Brezhnev, that the Soviet Union has no aggressive intentions.

Shortly after Mr. Brezhnev left here yesterday after a three-day visit, the Yugoslav news agency Tanjug released extracts of an official report which said that Yugoslav armed forces were capable of fighting against "any aggression, whether by land, sea or air."

Mr. Brezhnev, in a speech here on Monday, ridiculed any suggestion that the USSR was "a terrible bloodthirsty wolf" which might one day devour the Yugoslav "Red Riding Hood." He and President Tito signed a communique recognising Yugoslavia's unfettered right to develop its own form of communism.

Tanjug quoted the report as saying: "Because of Yugoslavia's important geo-strategic position, and the ambitions of those forces to whom the fundamental characterisics of Yugoslavia's internal and external affairs are not acceptable, further pressures and attempts at interference may be expected."

The report, by the collective state presidency on foreign and domestic policy, will be released in full at the end of next week, coinciding with a speech by President Tito to the Federal Assembly in Belgrade and the Warsaw Pact summit meeting in Bucharest.

U.S. Secretary of Commerce, Mr. Elliot Richardson will visit Yugoslavia from November 25-28 for talks with Yugolsav Government leaders, it was announced in Belgrade today.

Mr. Richardson's visit will be part of a 16-day mission which will take him to London, Bucharest, Budapest, Rabat and Lisbon.

Agencies

RUSSIA BANS U.S. ENVOY

MOSCOW, Nov. 18.

THE SOVIET Union has barred a senior American diplomat from returning to his post in Moscow, apparently in retaliation for similar action against a Russia official in the United States, a U.S. Embassy spokesman said to-day.

The diplomat, Mr. Marshal C. Brement, was effectively number two at the Embassy. Reuter

Japan discusses measures to step up EEC imports

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Nov. 18.

OFFICIALS FROM eight Japanese ministries met to-day, to discuss ways in which exports from Europe could be increased so as to reduce the present heavy imbalance on Japan-Europe trade.

The *measures discussed apparently* included relaxation of health controls and inspection requirements on food and pharmaceutical products, both of *which have been named by the* EEC as sectors in which it feels it should be able to increase its Japanese sales.

An official of the Foreign Ministry said, however, that no decision had been taken on steps *to increase imports of food* and other farm products. The European demand for a major increase in farm exports to Japan seems to have run into opposition from officials at the Ministry of Agriculture who are pointing out that Japan is in deficity with Europe in this sector and that special treatment for European exporters would raise problems between Japan and other suppliers of farm products.

A spokesman for the Foreign Ministry said to-day that it was *important for Japan to make its* "utmost and most sincere efforts" to deal with European complaints about the trade imbalance. The Government view *remains, basically, that the problem* should be solved by stepping up imports of European goods into Japan rather than, by placing additional curbs on *Japanese exports* to Europe. Japan is also going out of its way to stress that any con*cessions it may make during* current trade negotiations with Europe should not be regarded as a precedent for similar demands by other trading partners.

In this context the Japanese were evidently not pleased to receive a request last week from *the U.S. for bilateral talks on* world trade in steel in 1977. The American request (whose existence was only revealed to-day by the Foreign Ministry) *includes a stipulation that Japan* will not be asked to curb its exports to the U.S.

The Japanese, however, feel that the U.S. is asking for talks because of its concern that Japanese steel exports may be *diverted to America* as a result of the extension into 1977 of Japan's arrangements for "voluntarily" restraining exports to the EEC. The Foreign *Ministry said to-day* that no decision had been taken on the American request as yet, but that it was "normal Japanese practice" to accept in such a situation.

Apart from the discussions *under way inside the Japanese* Government, talks are being held on the European trade issue between the Keidanren (the Japanese equivalent of the CBI) *and the main Japanese industries* affected by the EEC's recent demands. The Keidanren yesterday held meetings with the five "sensitive" export industries *nominated by the EEC*—steel, shipbuilding, cars, electronics *and ball bearings.* On Friday *talks are due to be held with* industries which stand to be affected by EEC requests for increased access to the Japanese import market. The industries include cars, pharmaceuticals and food.

The outcome of the Wednesday meeting appears to have *been largely negative in that* most of the industries involved referred to measures already in force or announced. Ball bearings manufacturers pointed out *that the industry is about to raise* its prices in Europe. The steel industry indicated (correctly) that steel exports were discussed and apparently settled at discussions last week in Brussels between Japanese and EEC bureaucrats.

Motor manufacturers said that the industry was voluntarily exercising restraint on its exports to the U.K. but was not in a position to accept a sharp cut in its market share. The shipbuilding industry referred to measures already being taken to reduce man hours and output in the industry.

The Japanese Government is taking the line that it is not under any obligation to come up with a comprehensive set of solutions to the trade problem before the EEC summit meeting due on *November 29 (let alone before* the preparatory meeting of foreign ministers due to be held on November 23). This does not alter the fact that Japan is, in fact, trying hard to think of ways of averting a trade crisis with Europe.

E. Europe deficit decreases

By Nicholas Colchester

BONN, Nov. 18.

THE trend towards a more balanced trading relationship *between West Germany and* the Communist bloc continued in the third quarter of the year, according to figures released to-day by the West German Economics Ministry.

Compared with the extra*ordinary surplus reported last* year, German exports to Communist countries (including Korea and China but excluding Yugoslavia) were up by only 2.7 per cent. *in the first nine months* to DM13bn. whereas imports from these countries were up by 33.5 per cent. to DM8.01bn. Thus, the trade surplus to the bloc in the first three quarters was down from DM6.66bn. to DM4.99bn.

Therefore the Communist bloc was able to cover two-thirds of imports with export sales in the period under review compared *with a coverage of only 50 per* cent. last year. Russia achieved a coverage of 70 per cent. in the third quarter which put it in a better position than its smaller East European satellites, which averaged 63.5 per cent. and China with 50 per cent.

U.K. hopes in Venezuela

By Hugh O'Shaughnessy

BRITISH EXPORTS to Venezuela, which last year rose 87 per cent. to £92m., could this year rise by another 40 per cent., said *Mr. Ted Rowlands, Minister of* State at the Foreign and Commonwealth Office. The visit of President Carlos Andres Perez, the Venezuelan leader, to London on Sunday could result in substantially increased trade, he added.

More than 100 companies are to participate in the British Industrial Exhibition to be staged in Caracas from March 15-24 and all the inside space in the Polledro exhibition hall in *the city has been taken up.*

The show will include a trade *information* centre run by Foreign and Commonwealth Office and ECGD staff and personnel from the Venezuelan British Chamber of Commerce.

Big 'arms-for-oil' deal signed by BAC and Iran

BY ROBERT GRAHAM

TEHERAN, Nov. 18.

AFTER EIGHT months of highly complex negotiations, BAC to-night signed an agreement here for the first ever large scale *arms supply deal to be paid for* in oil by the Iranian Government. The deal involves the supply by BAC of the tracked Rapier missile—a deal worth £400m.—over £100m. more than when first revealed last December.

The agreement was signed on behalf of BAC by Mr. George Jefferson, managing director of BAC's guided weapons division and by General Toufanian, Vice-Minister of War.

In return for supplying the tracked Rapier — a mobile version of the Rapier missile already in use by the Iranian armed forces—BAC will receive the whole of the cost of the supply in crude. This crude will then be marketed by Shell for a fee. The crude will be marketed outside the U.K. by Shell and thus BAC will receive the entire price of the contract in foreign exchange. This method also avoids problems created by the fluctuation of sterling.

This is the most unusual feature of the agreement. BAC felt that it did not wish to be involved in a simple barter arrangement. It wanted to gain maximum foreign revenue from its weapons sales. Thus it was finally agreed with Shell that that they should take the crude on condition that it be marketed outside the U.K.

Precise quantities of crude have not been specified. It will be supplied by NIOC, the National Iranian Oil Company, to BAC at commercial rates. Over an eight-year period—the anticipated *duration of the* contract—the supply will work out at about 16,000 b/d. The first delivery will be next month and this will be much more substantial, anticipating the oil price rise in January.

The Iranians first approached BAC at the end of January on the possibility of payment in crude. This was at the time when Iran was feeling a serious cash *flow problem as a result of* sharply reduced sales.

BAC officials here to-night declared themselves very pleased with the conclusion of what has been an *extremely complex* package. Also agreed was the creation of a joint company to be formed with the State-owned electronics organisation, IEI, based in Shiraz on a *60/40 basis* in favour of the Iranian Government. But BAC will, in effect, have important management control and it will be very much an equal venture, according to BAC officials. The capital of the new company, to be known as Irano-British Dynamics, has not been revealed.

BAC anticipated three further contracts to be signed over the coming year relating to the Rapier supply contract. These will concern support services, technical co-operation and matters relating to assembly and *local manufacture.*

Qatar gas plant contract

FINANCIAL TIMES REPORTER

AT THE end of September Qatar Gas, formed in 1974 with Shell Gas BV as the minority partner, with a 30 per cent. share, awarded a $70m. contract to *Mitsubishi* and Chiyoda Chemical Engineering to build a plant at Umm Said to *produce* 900,000 tons of NGL annually—600,000 tons of liquid petroleum gas and 300,000 tons of natural gas. The pipeline is being con*structed by Sapiem* under a $23m. contract awarded in April to bring ashore the associated gas from the *State's offshore* oil fields.

The decision is not surprising. Currently, Shell is involved in negotiations on terms of a 100 per cent. take-over of Shell Qatar by the Government which *already has a 60 per cent.* holding in the offshore operation.

Under the agreement on the take-over of Qatar Petroleum, which operates the on-shore fields, all the associated gas resources became under the full *direct control of the Government.*

MEA first back into Beirut

By Michael Donne, Aerospace Correspondent

BEHIND to-day's resumption [of] passenger flights by Middle E[ast] Airlines of the Lebanon betwe[en] Europe and Beirut, following t[he] reopening of the internation[al] airport there lies the story [of] how the airline has been ke[pt] intact over recent months desp[ite] the temporary loss of its ho[me] base, all of its routes, and ma[ny] of its staff.

In recent weeks, Sheikh Na[jib] Alamuddin, chairman and pre[si]*dent of MEA*, has been keepi[ng] on stand-by two Boeing 707s a[nd] one 747, out of the airline's fle[et] of 20 jets, for flights to Leban[on] within hours of the reopening [of] Beirut airport. This morning['s] first flight is from Paris.

Until the end of Decemb[er] MEA will be flying three tim[es] weekly between London a[nd] Beirut (on Tuesdays, Thursda[ys] and Sundays), but it plans to [go] back to a daily frequency by [the] New Year.

That airline's fleet of thr[ee] Boeing 707-320Cs, 14 707-020[...] and three 747 Jumbos w[ere] evacuated from Lebanon at [the] start of the war, together wi[th] 750 engineers, pilots, cab[in] crew and executives, and 1[...] tons of spares.

Most of the aircraft, personn[el] and equipment have bee[n] subsequently based at Par[is] where, with help from A[ir] France (which has a 28 per cen[t] stake in MEA), overhauls an[d] maintenance and even som[e] training has been maintain[ed] and flying has been carried out.

The airline has kept alive b[y] *looking for charter work*—fro[m] Saudia, of Saudi Arabia, Libya[n] Airlines, and Alitalia of Ital[y] *and carrying pilgrims* to an[d] from Mecca for the Haj.

This activity has kept aircraf[t] and crews employed, and som[e] cash flowing in to supplemen[t] the airline's reserves, which hav[e] been drawn on heavily to kee[p] the airline intact.

Analysing the financial situa[tion] Sheikh Najib says that from a profit of Lebanese £36m (*£6.5m. sterling*) in 1974, the airline incurred a loss of £L14m (£2.5m.) in 1975, and an estimated loss of £L66m. by end 1976 (nearly £12m.).

"Of these losses, £L43m (*£7.8m.*) have been completely covered from a substantial balance of undistributed profits, general reserves and *provisions* for contingencies which had been set aside in previous years as part of a specially laid down conservative financial policy aimed at *meeting just such eventualities,*" he says.

"The remaining losses of £L23m. (£4m.) present no real problem as they can be covered from reserves, leaving the airline's capital of £L95m. (£17.25m.) still intact."

Sheikh Najib claims that MEA has survived despite what he describes as "a total lack of sympathy" from other major airlines apart from Air France and Saudia.

The U.K. attitude in particular is cited as being at best unhelpful—with customs threatening to impose import duties on a Boeing 747 that was parked for some days earlier in the summer at Heathrow, and with the Department of Trade rejecting a plea from MEA to be allowed to continue *carrying traffic between* London and Middle Eastern points without landing in Beirut.

"MEA is not going to disappear," Sheikh Najib reaffirms. The airline will now concentrate upon rebuilding its passenger traffic to and from Beirut, not only *from Western Europe* but also Middle Eastern destinations.

Fiesta revives Spanish car industry

BY TERRY DODSWORTH

SPANISH CAR manufacturers *have reversed the trend of falling* sales experienced during the post oil crisis slump and now look set to achieve an industry volume this year close to the record 570,000 established in 1973.

So far, in the first ten months of 1976, registrations have gone up by 6.3 per cent. *compared* with the same period in 1975, 474,500 cars against 446,100 last year. But the final figures may be appreciably higher than indicated by the ten-monthly performance because of the appearance of the new Ford Fiesta on the *scene.*

Launched at Fords Valencia *factory in mid-October, the* Fiesta is already in great demand in Spain. October sales came to 1,766 vehicles and Ford claims to have a waiting list for *25,000* vehicles.

The aim is to build up production, *which was running* at a rate of about 50 a day last month, to 250 a day by the end of the year. Although Ford has to export two-thirds of these cars under its agreement with the Spanish Government, its sales in November and December could clearly come out at several thousand units.

It is too early to say how many of Ford's registrations will represent business captured from competitors. The indications are that, despite Spain's overall economic difficulties, the car *market has recaptured some of* the bouyancy of the early 1970s and is once again attracting many first time buyers. Ford, indeed, is expecting a growth rate of about 10 per cent. a year, during the rest of the decade.

Catherwood's call on exports

BY LORNE BARLING

BRITISH EXPORT industries must demonstrate that sales abroad can create extra employment and generate capital for re-investment, the chairman of the British Overseas Trade Board, *Sir Frederick Catherwood, said* yesterday in the board's annual report.

He suggested that to match foreign competitors, Britain required a large-scale reallocation of national resources, but *exporters needed to demonstrate* their value if public support for this was to be achieved.

Although there had been some argument recently about the form this investment should take, it was generally accepted that industry's profits had been insufficient to maintain an investment rate equal to that of the main industrial competitors.

"*What is at issue is the* extent of our under investment and the productivity which might result from new investment," Sir Frederick said.

Exports seemed to be as profitable as home trade and if *full advantage could be taken* of export opportunities, British manufacturing industry should no longer be inhibited by stop-go economic policies.

"Increases in productivity need not mean decreases in employment. Exports should mean jobs and greater exports prosperity," he said.

Sir Frederick added later that *there was considerable concern* in industry over unwillingness of workers to boost output for fear of creating short-time working or redundancies. For this reason it was important that export activities should be dis*cussed with workers at the shop*-floor level.

"It should be made clear that Britain can sell all it can produce," he added, also urging companies to participate in the Export Year which the BOTB is promoting.

Overall export forecasts received *from* major exporters showed that they firmly expected increases in both value and volume. "It is certainly the impression of those of us who talk to exporters that overseas demand is rising."

● Mr. Edmund Dell, Secretary of State for Trade, said in London *yesterday that over the past 12* months the volume of U.K. exports had grown by 11 per cent. and made "a particularly strong advance" in Opec countries where all other competitors were outperformed.

$16m. orders placed at IMPO/EXPO

Financial Times Reporter

FIRM ORDERS totalling at least $16m. were placed with 16 of the countries exhibiting at last month's IMPO/EXPO Exhibition *in London, which was designed* to encourage two-way trade between developing countries and Britain.

Negotiations which began at the exhibition are also being continued by the exhibiting *nations. Bangladesh, for example,* estimates that if it can convert all inquiries from the exhibition into orders it will eventually sell about £20m.-worth of goods and produce.

Trade was also two-way, with Britain receiving *orders* from India for £4m.-worth of carpet machinery and hand tools. The carpet machinery is being manufactured by the Belfast company *James Mackay.*

But not all orders were placed by British importers and manufacturers. Holland bought coffee from the Yemen and jewellery *from Botswana.* Ireland purchased large quantities of chocolate-candy from Trinidad; *Germany* trousers *from* Sierra Leone. Continental buyers were *looking for millions of yards of* Pakistan grey cloth.

There were other forms of business too, including intra-exhibitor trade—the Philippines took from Nigeria a £50,000 order *for fruit.*

صورة من الاصل

صكتا من الاجل

Engineering orders fail to maintain recovery

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

FAILURE of new engineering orders to sustain the slight recovery earlier this year is starkly illustrated by Department of Industry statistics published to-day.

Order books, already at their lowest recorded level in July, fell again in August. The drop was very slight, but meant that they shortened by 2½ per cent. in the three months to the middle of August.

On the brighter side, new orders from abroad improved markedly over the same period, showing a 15½ per cent. rise and leaving export order books 4½ per cent. stronger.

But much of this was due to large overseas contracts gained by some electrical engineering companies. The mechanical engineering sector did not fare nearly as well.

Statistics in Trade and Industry magazine showed home order books continuing to decline. In August there was a 4 per cent. drop over the three months. New home orders fell by 1 per cent. in that period.

Since August home orders appear to have remained flat as industrialists tried to absorb the implications of the steep increase in interest rates.

Export orders apparently continued the slow pull away from the bottom of the trough.

The position was summed up yesterday by one manager who commented: "The engineering industry is still cautiously optimistic. Three months ago, though, we would have emphasised the optimism. To-day we are emphasising the caution."

Scotland and the North again win bigger share of investment

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SCOTLAND AND northern England are continuing to increase their share of total capital investment by manufacturing industry in the U.K., according to figures published this morning by the Department of Industry.

An article in the latest issue of Trade and Industry magazine shows that Scotland accounted for just under 12½ per cent. of manufacturing capital spending at current prices in the first quarter of the year, compared with 10.7 per cent. in the last three months of 1975, and 9 per cent. in the first quarter of 1974.

The increase in the relative share of Scotland probably reflects the impact of spending on North Sea oil development at a time when capital spending in the rest of the country was depressed.

The same influence probably accounted for the rise in the north of England's share to 16.4 per cent. in the first quarter, compared with 13.8 per cent. in the preceeding three months and 9.0 per cent. two years earlier.

This pattern—and also a slight increase in the share of Yorkshire and Humberside—is paralleled by a narrowing of the regional differential in unemployment rates in the past couple of years.

Total capital expenditure of manufacturing industry in the first quarter of 1976 was £923m. at current prices and not seasonally adjusted, compared with £940m. in the previous three months and £842m. a year earlier.

The quarterly series giving manufacturers' investment by region is to be discontinued after the second quarter of 1976 because of central Government economies.

Government now considering whole discount question

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT is considering examining the whole question of discounts given by manufacturers to retailers.

Concerned that consumers are not benefiting in full from the buying muscle of the big supermarket groups, its aim is to find some way of ensuring that the retailers who get the biggest discounts from their suppliers also sell at the lowest prices.

It also wants the size of discount to be more closely related to the cost of servicing the customer.

On Wednesday, the Government said that in the New Year it would set a whole range of statutory retail prices on bread related to the discount at which the retailer bought it and aimed at ensuring that the consumer got full advantage of the supermarket's buying power.

Yesterday, Mr. Robert Maclennan, Parliamentary Under Secretary at the Department of Prices, said that the principal behind those arrangements "should not be thought to be confined to bread alone."

The investigation of the question of manufacturers' discounts is believed to stem from reports from the Monopolies Commission, most notably the recent study of the frozen food industry. That criticised manufacturers for failing to relate the size of discount they gave customers to the cost of servicing the account.

It also pointed out that discounts, common throughout the grocery industry, did not always appear to be passed on to the consumer.

In general, it said that it was desirable that discounts should largely reflect savings in the cost of distribution to individual customers.

Mr. MacLennan, speaking at the annual lunch of the British Frozen Food Federation, said that he had a great deal of sympathey with this view.

Geared to costs

The Commission had not attempted to reach any general conclusion on the discounts, but it could not be "left in the air" as it was an issue of deep concern to the small shopkeeper as well as to the consumer. Clearly it would have to be considered in a wider context.

Small retailers for some time have been calling on the Government to introduce legislation along American lines to prevent the large supermarket groups from obtaining bigger discounts merely because they order in bulk.

Instead, they say, discounts should be geared to the costs involved in servicing a customer. In some cases that would mean that the supermarkets still got better terms than the small shopkeeper, but the differences might not be as great as at present.

Supermarket leaders are likely to criticise Mr. Maclennan for appearing to question whether consumers obtain the benefit of lower prices as a result of their bargaining powers with manufacturers.

They may also point out that the scale of discounts on bread proposed by the Department of Prices appears to have little relationship to the cost of supplying the shop, but depend more on the terms which the retailer can squeeze out of his supplier as a result of his buying power.

It seems likely that any wide-ranging control of discounts would be preceded by either a Monopolies Commission or Price Commission study of the subject. In the short term, however, the Department may try to extend the idea of statutory maximum prices to other products beyond bread.

Yesterday, the bakers were arranging to see Mrs. Sally Oppenheim, the "shadow" Prices Secretary, who had asked to discuss the Government's action on bread with them.

They are likely to tell her that the refusal to raise the present statutory maximum retail price next month, when the ½p increase cleared by the Price Commission comes into effect, will cost the industry £2m. and wipe out the bakers' present average profit of ½p a loaf.

Points of principle ironed out in latest moves on Observer

BY KEVIN DONE, INDUSTRIAL STAFF

ALL POINTS of principle have been now been ironed out between the Observer trustees and News International, Mr. Rupert Murdoch's newspaper group, which is still favourite to take over the Sunday newspaper.

Lawyers from both sides are now working on draft agreements. It now remains for the Observer trustees, under the chairmanship of Lord Goodman, to decide finally between the agreement with Mr. Murdoch, the bid from Mr. Vere Harmsworth's Associated Newspapers Group, and recent offers of help, such as that from Miss Olga Deterding, an oil millionairess.

Miss Deterding is a daughter of Sir Henri Deterding, one of the founders of Royal Dutch Shell, by whom she was left a considerable fortune.

Mr. Vere Harmsworth has repeated that he is still confident of taking over the Observer and said that negotiations were still in progress with the trustees. Lord Goodman said yesterday: "We must be in a position to make an announcement within the next few days. We will consider anything we believe to be in the interests of the paper."

The Observer chapel (union office branch) of the National Union of Journalists is meeting to-day to review recent developments.

Unit trust sales fall to £21.6m. in October

BY CHRISTOPHER HILL

UNIT TRUST sales suffered as a result of the 10 per cent. drop in the FT All-Share Index in October, falling in value to £21.6m. from £22.5m. in September.

Repurchases rose from £14.8m. to £16.6m. in October, leaving net new investment down from £7.6m. to £5m., the lowest for over two years, since a net £3.6m. was recorded for August, 1974.

Despite the deteriorating trend total sales for the first ten months of 1976, £287m., were comparable with last year, £271m. Repurchases, though the highest this year, were not far above the monthly average of £14.5m. for 1976.

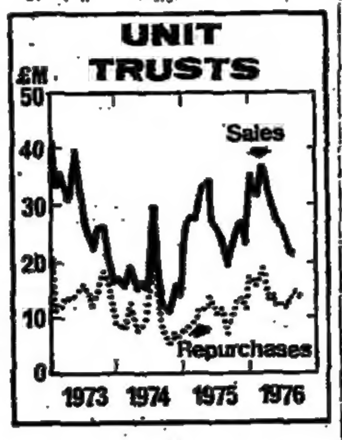
—Equally worrying for unit trust managers were the details of investment in units of authorised unit trusts involving equity-linked policies, managed funds and equity bonds for the third quarter of 1976, compared with the second quarter of 1976 and the third of 1975.

The most significant feature is that although the latest unit-linked figures for the quarter to end-September are all better than those of that time last year, they are worse across-the-board than those of the quarter to end June 30.

The number of linked policies is down from 1.34m. to 1[illegible]m.; the net amount invested in the quarter from £24.5m. in the previous quarter to £18.2m.; and the aggregate market value from £558m. at the end of June to £523m.

These figures have to be viewed in the context of overall linked-life-policy business, which also declined in impetus in the third quarter. Total new annual premiums, compared with the second quarter, were down from £21.3m. to £16.4m. Total new single premiums were down from £54.4m. to £37.2m., despite the increase in the number of policies in force from 2.4m. to 2.5m.

The larger unit trust management groups admit that the trend



has been less than satisfactory, and unit-linked life assurance business, in particular has been going through a very quiet patch.

Save and Prosper, for example, says that at least part of the reason for the decline in assurance sales in the third quarter is the absence of "maximum allocation" plans, popular for tax reasons before April 5.

Both Save and Prosper and M. and G. think that there is an increase in the number of maturities on existing 10-year policies.

Deposit-taking companies must disclose more

FINANCIAL TIMES REPORTER

NEW REGULATIONS to strengthen the disclosure rules of the Protection of Depositors Act, 1963, by requiring deposit-taking companies to provide more information in their accounts were announced by the Government yesterday.

From February 1, 1977, deposit-taking companies, which produce accounts every six months, will have to supply fuller information on a variety of points. These include loans to directors and their associates, loans to associated companies, deposits, other loans to the company, and instalment credit agreements made by the company.

As far as instalment credit agreements are concerned information would be required on the total amounts involved, the number of agreements and the period of the agreements.

The measures are seen as an interim measure pending the eventual implementation of the proposals in the banking White Paper. Essentially, they aim to remedy certain deficiencies in the existing law, which were highlighted earlier this year in the Department of Trade inspectors' report on London and County Securities, the failed fringe bank.

Accounts containing the new information must continue to be lodged with the Department of Trade and the Registrar of Companies and be made available to depositors and prospective depositors.

Silkin opens appeal against Laker ruling

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Department of Trade must have the freedom to arrange the best possible system for U.K. flag airlines at home and overseas, Mr. Sam Silkin, Attorney-General, told the Appeal Court yesterday.

For this reason, he said, the defeat inflicted on the Department this summer when Mr. Freddie Laker, chairman of Laker Airways, won his case against a Government decision to axe his low-fare Skytrain plan across the North Atlantic, was far-reaching in its international implications.

"If the practice and procedures of the Department which is responsible for this area of government have been based on the wrong view of what Parliament intended in the 1971 Civil Aviation Act, this will have repercussions on international agreements, air carriers and the Civil Aviation Authority."

He was opening the Government's appeal against Mr. Justice Mocatta's ruling in July that Mr. Peter Shore, the Trade Secretary, acted outside his powers when he set about changing civil air transport policy, including axing of Skytrain.

The judge had said that his decision might be "something of a Pyrrhic victory" for Mr. Laker, because the Department of Trade might be able to persuade the Government to pass the necessary amending legislation to have the licence for the transatlantic service revoked.

"This case was of considerable constitutional importance and it raised difficult questions of law," Mr. Silkin told Lord Denning, Master of the Rolls; Lord Justice Roskill; and Lord Justice Lawton.

It was vital that the Trade Department be as clear as possible about its powers and duties under the Act, not only to avoid challenge in domestic courts but also so that it could take decisions in the international field.

"The Government wants the freedom to arrange the best possible system for its domestic airlines," Mr. Silkin said.

The hearing, expected to last into next week, continues to-day.

Alterations in exchange and credit control

THE TEXT of the two notices issued by the Treasury on Exchange Control and Supplementary Special Deposits is given below. That on Credit Control comes from the Bank of England.

Exchange control changes

THE TREASURY announce alterations, effective from to-day in exchange control rules relating to the provision of sterling finance by banks in the U.K. where one overseas sterling area country is trading with another, and for trade between such countries and other non-scheduled territories.

These alterations are designed to end the provision of such finance and, at the same time, to terminate the use by U.K. merchants of official exchange to finance trade between any of the non-scheduled territories (which include the OSA). No change is made to the arrangements for trading by participants in exchange control commodities schemes.

These measures are expected to produce a substantial once-for-all inflow of foreign currency in the coming months as drawings under the facilities are repaid and as the facilities themselves are withdrawn. In addition the action will help to protect the exchange rate at any times of pressure in the future.

Sterling credit provided by U.K. banks for foreign trade will in future be restricted to the financing of trade between the rest of the world and the scheduled territories (the U.K., including the Channel Islands and the Isle of Man, the Republic of Ireland and Gibraltar).

In line with this restriction U.K. merchants will in future be allowed to pay non-residents for goods onsold to other non-residents only with foreign currency borrowed for this purpose.

Banks will remain free to replace the sterling facilities hitherto made available by offering appropriate finance in foreign currency to overseas customers or to U.K. merchants.

To avoid unnecessary disruption and to allow for new facilities to be arranged, new drawings under existing bank lines of credit for trade between Overseas Sterling Area countries and between such countries and other non-scheduled territories may be made for one month from to-day under the rules hitherto in force.

Also, authorised banks can, for one month from to-day, continue to make payments of official exchange to non-resident suppliers in respect of contracts to which U.K. merchants are already committed.

The prior permission of the Bank of England will be required for any departure from the new rules, which are set out in full in notices to be issued by the Bank of England to-day.

Special deposits scheme

MR. DENIS HEALEY, the Chancellor of the Exchequer, said in reply to a Parliamentary question:

The banking figures for October show a continued growth of bank lending to the private sector at a level which is inconsistent with my objectives for the growth of the money supply.

Further monetary restraint is therefore necessary.

Accordingly, the Bank of England, with my approval, is reactivating the Supplementary Special Deposit scheme under which a guideline is set for the growth of each bank's sterling interest bearing eligible liabilities, and a bank is required to pay such deposits if it exceeds that guideline.

The existing guidance to banks on the direction of their lending remains in force so that manufacturing industry should continue to be able to satisfy its needs for funds for investment and exports.

The scope for banks to meet the essental needs of industry within the guideline will be increased by the rundown of their sterling advances to finance third country trade, following the exchange control ban on such advances which is also being announced to-day.

Applies again to all banks

Supplementary Special Deposits

BANKING FIGURES for October indicate continuing rapid growth in lending to the private sector. Further monetary restraint is therefore necessary. Accordingly, the Bank have decided, with the approval of the Chancellor of the Exchequer, to re-introduce immediately the Supplementary Special Deposits scheme that was suspended on February 28, 1975.

The scheme will apply, as before, to all banks (except the Northern Irish banks) and to deposit-taking finance houses.

These institutions will be required to place with the Bank Supplementary Special Deposits, bearing no interest, in relation to the growth in each institution's interest-bearing resources on the following basis:

1—Interest-bearing resources to be the interest-bearing element, defined as in the previous activation of the scheme, of each institution's eligible liabilities.

2—The growth in each institution's interest-bearing resources as defined in 1 above to be measured from the average of the amounts outstanding on the make-up days for August, September and October, 1976.

3—Up to 50 per cent. of the growth in each institution's interest-bearing resources, on a three-months moving average basis, over and above a rate to be specified, to be placed on non-interest-bearing deposit with the Bank, subject to—

4—No deposit being required to be lodged within the first six months of the re-activation of this scheme.

5—Supplementary Special Deposits being repayable in full should the growth in an institution's interest-bearing resources fall back to the rate specified or in part if the amount of the excess should decline.

6—The requirement to lodge Supplementary Special Deposits being capable of variation or suspension at the Bank's discretion.

The rate of growth specified is 3 per cent. for the first six months, and ½ per cent a month for two further months. The arrangements thereafter will be notified in due course.

The rate of deposits required will be progressive with the excess rate of growth of each institution's interest-bearing resources. In respect of an excess of 3 per cent. or less the rate will be 5 per cent. In respect of an excess of over 3 per cent. but not more than 5 per cent., the rate will be 25 per cent. Thereafter the rate will be 50 per cent.

The effect of these arrangements is that if, for example, the average of an institution's interest-bearing resources on the make-up days for February, March and April 1977 were to exceed the average amount outstanding on the make-up days in August, September and October 1976 by more than 3 per cent., a non-interest-bearing Special Deposit on the scale specified above would be required to be lodged during May 1977.

As when the scheme was last in operation, Supplementary Special Deposits will not be payable by any institution with a three-month moving average of interest-bearing eligible liabilities of less than £5m. Any institution attaining an average of £5m. or more will become subject to the scheme, in accordance with detailed arrangements set out in a separate notice.

Qualitative guidance

The priorities which banks and finance houses are requested to observe in the directions of their lending remain as they were set out in the Bank's notice of July 22, 1976.

Banks and finance houses are asked to ensure that, in providing acceptance credit facilities, they observe the same degree of restraint as would apply to lending for the finance of the underlying transaction.

Incentives for technology workers urged by MPs

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

FISCAL CHANGES to provide companies with more funds for innovation and to raise post-tax pay incentives for technologically qualified industrial workers were urged on the Government yesterday by an MPs' select committee which said they would help restore an expanding industrial economy.

The Commons science sub-committee, declared in a far-reaching report on the gap between education and industry that a concerted attempt to clarify in the public mind the distinction between the "unacceptable face of capitalism" and the fundamental processes of wealth creation might well be an indispensable condition of survival now.

"If Britain has opted out of the industrial race it faces *disaster — North Sea oil notwithstanding — for there is no sign that it has opted out of the race to possess the fruits of industrial growth either in the form of personal possessions or of public services.*"

In the present tangle of policies affecting industry, research, and education, however, British manufacturing concerns were caught in an innovation-trap.

"Because of the low added-value earned by their activities they face an acute shortage of funds for re-investment which are essential to technological innovation; and without such innovation they are unable to achieve significant increases in this added-value."

Moreover, the sub-committee, which in its latest form consisted of four Tory and two Labour MPs, believed the relatively low status and pay of engineers and scientists working in industry, as compared particularly with the civil service, were important factors in the continuing existence of a largely debilitating mis-match between the aims and practices of the education system, and those of the wealth-creating sector.

It recommended a much higher priority in educational policy for the training of engineers and applied scientists suitable for industrial employment.

Several science and technology faculties, including those of Cambridge, should be picked out of the general university field and designated as special schools, apparently on a pattern similar to those developed in West Germany and France.

Sandich courses should be a normal feature of their undergraduate teaching.

Training in engineering and applied science should be given privileged treatment and earmarked funds by the University Grants Committee.

The Government should seriously consider awarding higher grants to students in these areas, possibly as bursaries distributed by the Department of Industry.

Review

The Industry Department should also devote funds to develop "teaching companies" (partnerships between educational institutions and manufacturing concerns which provide industrial equivalents of teaching hospitals). Other schemes for industrial preparation proposed by the Science Research Council should be pursued too—if necessary at the expense of less economically critical elements of higher education.

At undergraduate level, the sub-committee called for a "thorough and urgent review" of the content and shape of undergraduate courses in engineering and greater collaboration among universities, polytechnics and the professional institutions in the control of standards and course-design.

It proposed the appointment at the Departmentof Education and Science of a Minister of State responsible for science and technology, and urged Mrs. Shirley Williams, the Education Secretary, to pay extra attention to the scientific aspects of her job.

Mrs. Williams was also asked to inquire into the attitudes to industry of school-teachers and careers advisers and, if necessary, instruct the education system how to improve the advice it provides on careers in the wealth-creating sector.

In a proviso to its proposals concerning better status, pay and opportunities for scientists and engineers in industry, the MPs accepted that any such departure from the principle of equal sacrifices could be justified only by clear evidence of an over-riding need.

To this end, it called for a high-level independent review of the pay and conditions of similarly qualified manpower in industry, as compared to their counterparts in other employment sectors here, and in countries overseas.

The sub-committee recommended tax incentives for companies to place research contracts with universities, and urged clearer definition of Ministerial, Civil Service and operational responsibilities in determining and carrying out national policies for research.

Lord Rothschild's "customer-contractor" principle should be extended to the Science Research Council by transferring part of the council's present funds to the Industry Department.

Another contentious proposal was the radical reshaping or even complete replacement of the National Research Development Corporation to provide a more adventurous means of channelling taxpayers' funds to promising technological developments.

"The potential clients of the corporation, from both the university and the industrial side, regard the corporation as unadventurous, unwilling to take sufficient risks, imposing excessive interest rates, and out of touch," the MPs declared.

Third Report from the Select Committee on Science and Technology: House of Commons Paper 680; SO, £1.15.

EEC and Japanese shipyards row likely to intensify

BY DOUGLAS RAMSEY AND JOHN WYLES

THE INCREASINGLY bitter row between the EEC and Japan over their future shares of world shipbuilding orders could intensify after an announcement by the Japanese Government yesterday that reductions in its shipbuilding output during the next two to three years would be less than expected.

The implications of this declaration are almost certain to strengthen EEC moves to prevent Japan from dominating world shipbuilding.

Various possibilities will be discussed at a meeting in Brussels on Monday.

The EEC is expected to stress the unacceptibility of the Japanese position during talks on the position of the shipbuilding industry at the Organisation for Economic Co-operation and Development in Paris next month.

In Britain, the Government and the shipbuilding industry are doubtful about Japanese intentions and about the chances of reaching an agreement on market shares.

Yesterday's announcement by the Japanese Ministry of Transport hardly dispels these doubts. It promises less than was recommended in a document written mainly by shipbuilding industry representatives and delivered to the Ministry in June.

The document acknowledged the slump in world orders and the fact that output in 1980 might be less than 40 per cent. of the level in 1974. It proposed that man-hours worked in Japanese shipbuilding should fall to 65 per cent. of the 1974 total by 1978. It said that by 1980, Japan should aim to produce at least half of world output of between 12m. and 13m. gross tons.

However, the Ministry said yesterday that it had proved "unworkable" to reduce man-hours by one-third by 1978, although Japan would try to make the cutback by 1980. "Administrative guidance" to the industry would require 40 shipbuilders to reduce man-hours worked from next April to an average of 75 per cent. of the 1974 peak, and to 70 per cent. by April, 1978.

This could have even more depressing implications for European shipbuilders than the original draft recommendations to the Japanese Ministry. The scale of the Japanese rundown scarcely matches the fall in new orders.

The European view is likely to be that Japan will need, and will obtain through aggressive pricing, more than a 50 per cent. slice of available orders in order to keep this reduced capacity occupied.

There has been plenty of evidence this year that the Japanese industry realises this.

Airline plan approved by Minister

By Michael Donne, Aerospace Correspondent

PROPOSALS FOR the reorganisation of British Airways submitted by Sir Frank McFadzean BA's chairman, have been approved by Mr. Edmund Dell, Secretary of Trade.

He has also appointed Mr. Ross Stainton, chief executive of the Overseas Division of BA, as a full-time deputy chairman of the airline until May 31, 1979. Under the reorganisation plan, Mr Stainton is to become from January 1, the new Director of Commercial Operations of BA.

The reorganisation, announced by Sir Frank last Friday, involves the abolition of the existing overseas, European, and regional divisions in British Airways, and their replacement by a new management structure including commercial operations, flight operations and other departments, covering all the airline's activities.

Airliner merger, Page 21

Hertfordshire call for airport study

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A STUDY of future airport development around London, including the possibility of a new airport, is urged by Hertfordshire County Council in a memorandum rejecting suggestions that there should be further development at Luton and Stansted airports.

The Department of Trade said in its latest consultative document on airport strategy for the London and South-Eastern area that among the options facing the planners was that of developing Luton to cope with 10m. passengers a year and Stansted to cope with 16m. Luton now handles 3m. and Stansted less than 1m.

These are long-term options and not firm plans, but the council has been alarmed by their inclusion in the department's thinking. *Much of the area affected by the airports' noise, access and employment falls in the council's jurisdiction.*

The council said: "Nowhere has it been proven that facilities can be provided at less expense by the expansion of the existing London airports than by the construction of a new airport.

"No attempt has been made to prove whether less disturbance is caused by the expansion of four London airports than by some other solution.

"No consideration has been given to the possibility of a new site on the borders of South-East and Central England which could cater for the future demand of both regions." Studies to evaluate all the available options, including a new airport site, should be started at once.

"Once the Government has committed itself to finding and implementing the best long-term solution, environmental ceilings *should be placed on the growth of existing airports.*

"The necessity for major growth at Stansted and Luton has not been properly justified."

Cut energy costs, urges Benn

BY RAY DAFTER, ENERGY CORRESPONDENT

ENERGY SECRETARY Mr. Anthony Wedgwood Benn, has called on companies to appoint senior managers with specific responsibility and authority for saving energy.

Through such appointments and by direct and specific consultation with trade unions, top management could best demonstrate the importance they attached to energy saving, says Mr. Benn in an article in an Institute of Directors publication on energy saving.

It was unlikely that energy would ever again be regarded as cheap. "It is therefore in the immediate and longer-term self-interest of companies— as well as the national interest—to introduce effective energy saving programmes."

When the Government launched its "Save It" campaign two years ago, Britain's oil import bill was running at about £10m. a day (£3.5bn. a year). To-day's bill was well over £11m. a day.

Energy Saving —II, Institute of Directors, 10, Belgrave Square, London SW1X 8PW. £1

CBI seeks tax estimates

BY OUR INDUSTRIAL STAFF

GOVERNMENTS SHOULD produce at the start of each Parliamentary session a White Paper setting out estimates in general terms of the likely cost to industry and to the taxpayer of the proposals in the Queen's Speech. This was suggested by Mr. John Methven, director general of the Confederation of British Industry, last night.

The proposals would then be widely discussed in broad terms, he told the CBI's North-Western Region Council at the annual dinner in Liverpool.

"Before legislative proposals appear in a Queen's Speech they should first have been measured against their relevance to meeting the nation's objectives.

"They should have been properly costed — a process which industry itself has to do with its own plans."

Mr. Methven also suggested that when each Bill is published for consideration by Parliament, it should be accompanied by a statement of the likely obligations and the estimated costs for industry and for the taxpayer in far greater detail than in the White Paper.

"These costs should be checked for their accuracy when the legislation has been in force for, say, two years. In this way, we believe greater awareness of the costs of proposed legislation will bring a better assessment of both its needs and of its real value.

"Such estimates should be discussed in the National Economic Development Council and the conclusions made fully available to Parliament and of course to the public."

Race myths attacked

MOST OF the stories about immigrants are not true, says a report published to-day by the Labour Research Department.

The report states that Britain's black citizens are less of a burden on the social services than others: they have not undermined standards, they are not causing housing difficulties, and immigration is now reduced to "a trickle."

The Labour Research Department, which has no official links with the Labour Party, says that the black population comprised only 3.2 per cent. of the population in 1974.

Howe pledge on VAT

THE TORIES plan to switch back to a single rate of VAT, Sir Geoffrey Howe, the Shadow Chancellor, said yesterday. The party had set up an expert team which would work to simplify the administration.

Sir Geoffrey, speaking at the Caravan Show in London, said the team—under Treasury spokesman Mr. David Howell—would welcome suggestions for improving the working of the tax.

He had a word of consolation for the caravan industry, which he said had suffered from ill-timed VAT changes introduced by Labour.

Rand Selection Corporation Limited

(Incorporated in the Republic of South Africa)

FINAL DIVIDEND NO. 119

Notice is hereby given that dividend No. 119 of 35 cents a share (1975: 43 cents), being the final dividend for the year ended 30th September 1976, has been declared payable to shareholders registered in the books of the corporation at the close of business on 3rd December 1976, and to persons presenting coupon No. 122 detached from share warrants to bearer. This dividend, together with the interim dividend of 30 cents a share declared on 9th June 1976 makes a total of 65 cents a share for the year (1975: 75 cents). A notice regarding payment of dividends on coupon No. 122 detached from share warrants to bearer will be published in the press by the London Secretaries of the corporation on or about 26th November 1976.

The transfer registers and registers of members will be closed from 4th December to 17th December 1976, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 29th December 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 21st December 1976 of the rand value of their dividends, (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before 3rd December 1976.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the corporation and also at the offices of the corporation's transfer secretaries in Johannesburg and the United Kingdom.

Subject to final audit, the abridged consolidated income statement of the corporation and its subsidiaries for the year ended 30th September 1976 and the abridged consolidated balance sheet at that date, are as follows:–

CONSOLIDATED INCOME STATEMENT

	1976 R000's	1975 R000's
Investment income	53 273	57 870
Net operating income:		
Finance	396	297
Property, interest and other sources	3 936	2 859
	4 332	3 156
Surplus on realisation of general investments	348	310
	57 953	61,336
Deduct:		
Interest paid and administration and other expenses	9 554	10 544
Costs of prospecting	5 458	3 383
Provision against loans	543	635
Provision against and amounts written off general investments	3 303	1 219
	18 858	15 781
	39 095	45 555
Provision for taxation and deferred taxation	319	49
	38 776	45 506
Surplus attributable to life insurance, after providing for taxation and transfers to contingency reserves	1 642	4 104
Profit after taxation	40 418	49 610
Deduct: Minority interests	410	1 121
	40 008	48 489
Net loss (profit) arising from currency fluctuations	267	(335)
Deduct: Transfer from (to) currency reserve	267	(335)
	—	—
	40 008	48 489
Deduct: Preference dividends Nos. 2 to 5 (note 2)	2 381	388
Group equity earnings, before extraordinary item, attributable to Rand Selection Corporation Limited (note 1)	37 627	48 101
Deduct: Ordinary dividends		
No. 118 of 30 cents per share	12 675	13 368
No. 119 of 35 cents per share	14 788	18 168
Total ordinary dividends of 65 cents per share (1975: 75 cents per share)	27 463	31 536
Retained profit before extraordinary item	10 164	16 565
Deduct: Extraordinary item—provision against investment in Zaire (note 3)	10 000	—
Retained profit after extraordinary item	164	16 565
Add: Unappropriated profit—30th September 1975	13 858	9 339
Adjustment thereto arising from currency fluctuations	256	602
	14 114	9 941
	14 278	26 506
Deduct: Transfers to reserves	1 573	12 648
Unappropriated profit—30th September 1976	12 705	13 858

CONSOLIDATED BALANCE SHEET

	1976 R000's	1975 R000's
Issued capital:		
Ordinary shares (note 4)	21 125	20 887
Preference shares	30 000	30 000
	51 125	50 887
Share premium	216 415	211 574
Non-distribution reserve	979	964
Distributable reserve	114 918	114 777
	383 437	378 202
Loan capital	110 002	59 143
Minority shareholders' interest in subsidiary companies	26 003	41 558
Life insurance funds	375 520	331 544
Provision for deferred taxation	1 303	1 365
Loans:		
Secured	4 185	9 030
Unsecured	428	450
Bank overdrafts and other short term borrowings	58 702	29 157
	63 315	38 637
Creditors:		
Shareholders for dividends	15 392	18 556
Others	48 745	38 526
	64 137	57 082
	1 023 717	907 531
Represented by:		
Investments (note 5)		
General investments		
Listed (Market value R532 583 000 1975—R677 173 000)	231 232	216 310
Unlisted (directors' valuation R109 798 000–1975 R118 235 000)	76 783	93 255
	308 015	309 565
Life insurance	499 489	382 416
Property	5 707	5 765
Mortgage and other loans less provision	45 621	36 592
	858 832	734 338
Premises, mineral rights and equipment	7 731	6 492
Excess of written down cost of shares in subsidiary companies over book value of net assets at the dates of acquisition	79 728	82 810
Leased assets	12 700	12 156
Instalment debtors less deferred income	21 560	26 137
Debtors and cash:		
Debtors, outstanding premiums and deferred charges	35 805	40 626
Cash on fixed deposit and at call	7 361	4 972
	43 166	45 598
	1 023 717	907 531
Equity earnings per share—cents	89.1	114.5*
Dividends per share—cents	65.0	75.0
Net asset value—cents per share†	1 510	1 798

* Adjusted to reflect that profits from the increased interest in S.A.T. were received for only a portion of the year (notes 1 and 4).

† Excludes the excess of cost of shares in subsidiary companies over book value of net assets at the dates of acquisition.

Group equity earnings attributable to ordinary shareholders were adversely affected by reductions in gold mining dividends. Earnings were also affected by substantial increases in prospecting expenditure and provision against loans and investments. Moreover, in view of the prevailing difficult financial conditions it was decided to retain in the life assurance companies, a greater proportion of attributable surpluses for the financing of new business. This has resulted in a more conservative determination of dividends from the life assurance operations for the year.

NOTES:

1. The figures for the year ended 30th September 1976 are not comparable with those for 1975 for the reason that the profits from South African Townships Mining and Finance Corporation Limited (S.A.T.) were wholly attributable to Rand Selection for the year ended 30th September 1976. As the minority interest in S.A.T. was acquired effective from 1st April 1975, the previous financial year's results included a full contribution from S.A.T. for a period of six months only (see note 4).

2. **Preference share dividends**

   During the financial year the rates of dividends paid on the 30 000 000 cumulative redeemable preference shares of R1 each were as follows:
   7.25 per cent per annum for the period 1st October to 31st December 1975
   8 per cent per annum for the period 1st January to 30th September 1976.

3. **Extraordinary item—Provision against investment in Zaire**

   As announced in the Press on 23rd January 1976, the directors of Societe Miniere De Tenke-Fungurume (S.M.T.F.) advised that work at the S.M.T.F. project had been suspended. The decision to suspend was taken principally in the light of the disturbed political conditions in Central Africa, and the resulting economic situation in Zaire. These factors together with low copper prices precluded the completion of satisfactory financing arrangements. Your directors have therefore considered it prudent to make a provision of R10 million for part of the investment in S.M.T.F. as an extraordinary item in the income statement. S.M.T.F. is currently considering the technical feasibility and methods of financing a project smaller than the previous 130 000 tonnes per annum scheme but it will be some time before definite conclusions can be reached.

4. **Ordinary share capital**

   During the financial year the Corporation's issued ordinary share capital increased by R238 000 by the issue of 475 873 ordinary shares of 50 cents, at a premium of R10.40, to the former holders of 339 809 shares in South African Townships Mining and Finance Corporation Limited which became a wholly-owned subsidiary of Rand Selection with retrospective effect from 1st April 1975.

5. **Investments**

   Investments held by the life insurance subsidiaries have been valued according to the practice of life insurance companies.

6. **Schlesinger European Investments Limited (S.E.I.)**

   As announced in the Press on 6th February 1976 by Anglo American Corporation of South Africa Limited (Anglo American), Rand Selection Corporation Limited (Rand Selection), John S. Schlesinger and associates (Schlesinger) and Sorec Limited (Sorec), an overall arrangement was concluded whereby Schlesinger acquired the entire minority holding of the Rand Selection group in S.E.I. and Trident Life Assurance (Trident) and of Sorec in London Consolidated Properties Limited. Rand Selection was released from all liabilities and obligations undertaken in relation to the S.E.I. group.
   As a part of these overall arrangements, Anglo American and associates acquired the entire holding of Schlesinger in Rand Selection and Rand Selection in turn, received from Anglo American and associates various investments with an equivalent value to Rand Selection's minority holdings in S.E.I. and Trident, after taking into account the release of the Corporation from its liabilities and obligations undertaken in relation to the S.E.I. group.

7. **Sorec Limited**

   Following upon the disposal of the Rand Selection group's interest in S.E.I., Sorec Limited initially became a subsidiary of the Corporation and subsequently of African Eagle Property Holdings Limited which, in turn, is a wholly-owned subsidiary of African Eagle Life Assurance Society Limited.

By order of the Board
For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED
London Secretaries
D. B. Pollard

London Office:
40, Holborn Viaduct,
EC1P 1AJ.

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent TN24 8EQ.

18th November, 1976.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● NAVIGATION

Small boats kept on course

AUTOPILOT equipment for the smaller craft such as pleasure boats, fishing vessels, and work boats of all types is a new departure for the Decca Navigator Company.

A single plug-in board reduces maintenance problems to virtually nil. But accuracy and efficiency have not been sacrificed and the company has used the newest semi-conductor technology to build a compact analogue computer. This takes signals from compass and rudder translator and turns them into rudder angle commands.

Accurate course is kept in any sea with minimal rudder movement.

Heading reference is provided from the Mk. III transmitting compass made by the company: A standard or steering compass of the highest reliability it meets ISO R449 and DTI 516 specifications.

Addition of hydraulic or mechanical interfaces to the autopilot control unit and compass means that a matched system can be installed with practically any type of steering gear. This gives the small vessel the option of using this autopilot through a mechanical drive unit directly coupled to the wheel.

Where vessels have flying bridges, it is possible to install a non-follow-up tiller (dodger) which will override the autopilot as necessary. On release, control reverts to the latter and the vessel to its former heading.

There are a number of additions which can be specified by users, including power steering with an optional hydraulic pump, various versions of Decca Pilot, and there is a choice between two output torques.

Decca on 01-735 8111.

● COMPUTING

Powerful Keycheck terminal

TO BE introduced by Redifon Computers at Compec 76 is the Mark 5 terminal for the company's Keycheck processor-controlled key to disc system.

Powered by the Redifon R2000A computer, the terminal has a large VDU able to display 768 characters and a full typewriter style keyboard. Controls available to the operator include error control tone, screen brilliance and on/off.

Redifon's research has shown that operators appreciate the flexibility of a keyboard that can be separated from the display unit. In particular it allows operators to place keying documents in front of them, precluding the spinal twist normally encountered. More from Kelvin Way, Crawley, Sussex (0293 31211).

European centre for Gould

INCREASED penetration of [illegible] European computer graphi[illegible] market is planned by Gould [illegible] struments and Electroni[illegible] Europe and accordingly [illegible] company has established Gou[illegible] Advance at Bishop's Stortford, the marketing centre on [illegible] 55155.

The company will be respo[illegible] sible for supporting other Gou[illegible] centres in Germany, [illegible] France and Austria as well as [illegible] existing chain of distributors.

"A major part of the reorga[illegible] sation at Bishop's Stortford w[illegible] be an expansion of the serv[illegible] department to be able to red[illegible] delivery times on parts and o[illegible] contract and "on-call" service [illegible] users.

● HANDLING

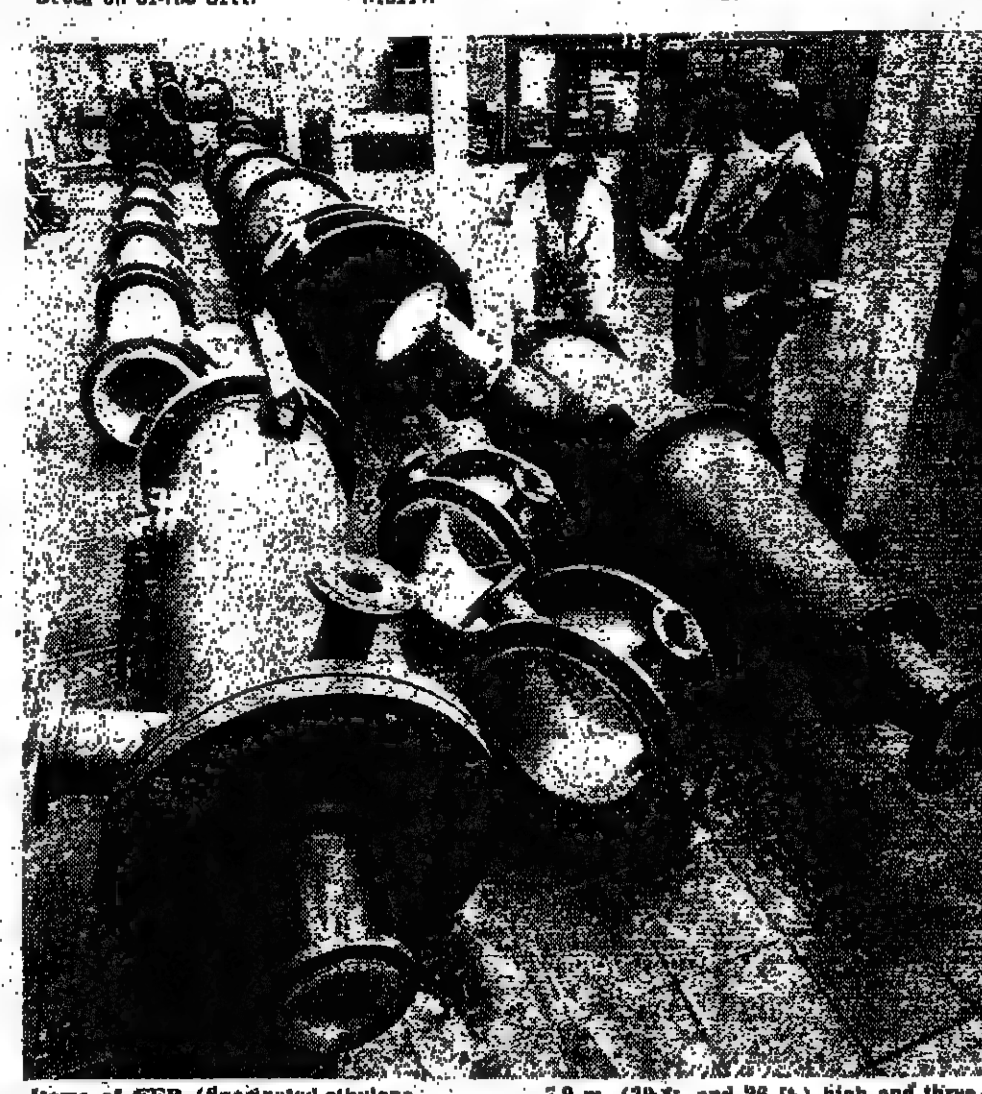
Squeezing the foam

THE STRICK Squeezer, from the U.S., is a development of a 40-foot aluminium truck trailer or container body for compacting flexible foam blocks or other similar compressible materials.

Using a number of independent bulkhead panels, the material is compressed into a third of its original volume, thus tripling the payload of the vehicle.

The bulkheads are drawn forward into the van by electrically driven pulleys, and then locked to the side walls. Further material is added until the van body is full.

The equipment will be leased throughout Europe by Transrent International, a subsidiary of Amari, 1 New Bond Street, London W1 (01-493 9371).



Items of FEP (fluorinated-ethylene propylene) lined chemical equipment delivered by the Tygadure Division of Fothergill and Harvey recently include the largest-ever export order for this type of processing plant as well as the most complex piece of chemical plant yet lined with FEP material. The overseas order for an orthophosphoric acid processing plant included two packed columns 11.85 m. and 7.9 m. (39 ft. and 26 ft.) high and three 1.2m. cubic metre storage vessels, as well as a number of large internal components produced from solid PTFE. The cyclone on the right is believed to be the most complex-shaped component yet lined with FEP and includes a glass-filled PTFE scuff shield to prevent abrasion of the lining by the high-velocity separation of chemicals. More on 0706 78831.

● SERVICES

Schroder scores a first

SCHRODER Computer Services, at present based in London, will be installing a 370/148 in new office premises at the Colston Centre, Bristol when they move early in 1977. This machine will replace the 360/50 and 360/40 now installed in London.

Initially a 370/145 will be used to provide services from March, 1977 until the 370/148 (1 megabyte version) is delivered later in the year. Both machines will be run under VM/370 making Schroders the first bureau to offer client services on the latest hardware and software from IBM, in the south west.

The new central processor will be served by peripherals supplied by both IBM and the Telex Corporation. These will provide 1350 megabytes of on-line disc storage and a range of tape densities on both 7 and 9 track units.

Schroder has also placed an order for the Telex 6403 "Grand Slam" printer to add to the two IBM printers which will be installed at the new site. Grand Slam has a small character set, and prints more densely than the IBM printer.

In additon to exploiting the new business opportunities available in the south west, the company will be maintaining and developing its current activities in and around London from new premises in St. Martin's Lane. This will house the consultancy, analytical, programming and data preparation staff and also the terminal equipment of the London based operations.

● PROCESSING

Tensile and compression testing

FOR THE routine and production line testing of materials, a universal machine, the M2501, has been introduced by Dartec. Hydraulically actuated, it is intended for automatic testing with the minimum of controls to be handled by the operator.

The control console houses an X-Y recorder, and a digital display showing load or extension retains the ultimate load at the end of the test. Standard options include automatic proof stress, and a BS 18 rate change unit. The machine can carry out fatigue test cycling.

The machine provides bumpless automatic transfer of the controlling mode, with precise rates calibrated in the test units—the operator simply sets the appropriate rate and starts the test.

There is a range of power operated grips for tensile or compression tests, of round, flat or headed specimens. The machine is available in a range with maximum loads from 100 to 1200 kN—on the largest capacity machine the specimen size can be up to 60mm thick and 150mm wide, or 75mm diameter. Usual distance between grip faces is about 750mm.

The maker is at Milfrace Lane, Stourbridge, West Midlands (03843 77433).

● TRANSPORT

Safer drive in foggy conditions

AN AUTOMATIC monitor that measures visibility on roads is being tested by the Meteorological Office for possible use on Britain's motorways.

The unit produces a "driver's eye view" of the road in conditions of fog, snow, rain and dust. Its readings are then relayed to electric traffic signs which lower—or raise—the speed limit to give one recommended for those conditions.

The monitor is of German design and is being marketed in Britain by Erwin Sick Optic-Electronic of Radlett, Herts. It relies on the transmission and reflection of a beam of light, geared to the response of the human eye.

Major control centres would be set up about every 110 miles along a motorway, with secondary units in between.

These give a continuing, section-by-section read-out of conditions and control of speeds.

Comparable visibility systems are already in operation at airports in Britain.

● MATERIALS

Stronger ceramic blanket

IMPROVED TENSILE strength—up to three times greater than previous grades—is claimed for a ceramic-fibre refractory and insulating material introduced by Morganite Ceramic Fibres, Neston, Wirral, Merseyside L64 3TR (051-336 5171).

Resistance to delamination is also improved, while flexibility is not impaired, so it remains easy to handle, says the maker.

Triton Kaowool needled blanket will be offered as an alternative to standard blanket for applications requiring greater strength, durability in service, or resistance to rough handling.

It is made from alumino-silicate fibre without binder and has similar properties: low thermal conductivity with a continuous temperature limit of 1260 deg. C. Main application is in lining furnaces, kilns and process heaters.

The improvements result from a densifying operation known as needling, (widely applied to non-woven textiles). The material is punched with an array of needles which increases fibre interlinkage in the transverse direction, so increasing material strength. There is also an improvement in product uniformity and finished surface appearance.

Needled blanket is made in five thicknesses from 6 to 38mm. Standard densities are 96 kg or 128 kg/sq.metre (160 kg to order). Standard rolls are 7.3 metres long by 0.6 metres wide; 1.2 metres is available to order. Prices are the same as for standard blanket.

● ELECTRONICS

Gets the heat away

AN OBSTACLE in the conduction of heat away from a power semiconductor by means of a heat sink is the lack of good thermal contact between housing and sink.

Even if the housing base is ground flat, the same may not be true of the sink surfaces, and so a conductive paste is often used; these are frequently made from metal oxides but, claims WK Electronics, these at best can only be described as poor heat insulators.

As a claimed improvement this company is offering Transheat, a paste made from a silicone binder and fine aluminium powder. Tests show that the product conducts heat at nearly the rate of solid aluminium and about 60 per cent. faster than metal oxide pastes. The speed of response of contact thermostats is said to be increased nearly ten times.

The paste can be used at temperatures up to 200 degrees C continuously without changing viscosity (it does not flow) and removal is simple using hydrocarbon solvents. 40a Napier Road, Bromley, Kent BR2 9JA (01 460 9861).

● PERIPHERALS

Miniature printer

A BATTERY powered [illegible] impact printer measuring [illegible] 175 x 80 x 45 mm is now be[illegible] marketed, with or without [illegible] tronics, by Roxburgh Electro[illegible] 22 Winchelsea Road, Rye, Su[illegible] (Rye 3777).

For applications such as [illegible] tromedical, measurement, [illegible] trol, weighing and process [illegible] ment, the NIP18 has a seven [illegible] trode mobile printing [illegible] which prints on electrosens[illegible] paper at up to 25 characters [illegible] line and 120 lines/min. Cha[illegible] ter height is 3 mm and [illegible] vertical line spacing is 5 [illegible] Employing a 7 x 4 dot ma[illegible] character format, the head [illegible] the full alpha numeric set [illegible] several additional symbols.

The printer is able to [illegible] in any position, and, sin[illegible] mechanism is an integr[illegible] of the logic drive board, [illegible] stallation and positioning [illegible] greatly simplified. A nom[illegible] 15V 150 mA power supply [illegible] needed.

● POWER

Assessing high volt lines

IN THE U.S. an ultra hig[illegible] age test station built jointly [illegible] ASEA and American [illegible] Power has been inaugurated [illegible] South Bend, Indiana.

Aim is to clarify the techn[illegible] and economic limits of [illegible] transmission at voltages [illegible] 1000 kV and one of the [illegible] programmes of work incl[illegible] corona and its related effects [illegible] radio and television trans[illegible] sion and the perception [illegible] audible noise. Since 1969 [illegible] two companies have alre[illegible] looked at the fundamentals [illegible] UHV, and the design and test [illegible] transformers, breakers and [illegible]

هكذا من الاصل

Entertainment Guide

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

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ART GALLERIES

HOME NEWS

Private house builders fear big output drop

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE OUTLOOK for private house builders is now more threatening than at any time since the last war and a sharp drop in output seems likely next year, according to the House-Builders Federation.

Mr. Charles Mitchell, the federation's president, warned yesterday that total housing output in 1977 in both the public and private sectors looked like falling by up to a third. Builders, he said, were almost universally pessimistic about trading prospects.

This year, an estimated 160,000 private houses will have been started and the forecast figure for 1977 has been put as low as 100,000. The federation itself expects the figure to fall to around 120,000 against 230,000 four years ago.

Mr. Mitchell said that general economic uncertainty, with the inhibiting effect of wage restraint being compounded by the increasing cost of mortgages, is hitting demand for new homes.

Young first-time purchasers, he added, were finding it increasingly difficult to save up a deposit and meet mortgage repayments, despite the desire by the great majority of people to own their own homes.

The house builders' major fears for the future concern the possible shortage of mortgage funds and land supplies, although the biggest concern remains the squeeze on margins.

Mr. Mitchell continued: "Profits—if that is the right word to use nowadays—have been decimated. Increasing numbers of builders are building for barely any profit at all simply so that they can stay in business and keep their work forces intact.

"Costs have outstripped house prices at a positively dangerous pace over the past two years. In that period house prices have risen by about 25 per cent, while costs have gone up by 47 per cent. The result is that more and more companies are ceasing to trade altogether and the implications of this for future housing producing are obvious."

Fewer first-time home loans

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PERCENTAGE of home loans going to first-time house buyers fell during July, August and September, according to figures from the Department of the Environment, writes Michael Cassell.

Although the building societies are anxious to ensure that a high proportion of loans continues to go to first-time purchasers, there is little chance of any significant increase in the level of assistance now being given.

About 80 per cent. of new buyers purchase existing houses and flats and they cannot be accommodated until occupiers have moved on. The scope for increasing the percentage of loans going to first-time purchasers is therefore limited.

The official figures, produced in co-operation with the Building Societies Association, show that in the July-September period 47.5 per cent. of all advances went to new owner-occupiers against nearly 51 per cent. in the previous quarter.

Former owner-occupiers paid an average of £15,452, of which they borrowed nearly 56 per cent., while first-time purchasers paid an average £10,327 for their homes and borrowed just under 80 per cent. from a building society.

Overall, the average percentage advance in the third quarter of the year was 64.6 per cent., compared with 66.5 per cent. in the previous three months.

In the July-September period, borrowers bought homes with an average price of 2.76 times their average income and obtained advances on average of 1.78 times their income.

● NEWS ANALYSIS — CREDIT GROWTH CURB

Making the corset fit

BY MICHAEL BLANDEN

THE SQUEEZE on bank lending introduced by the Government yesterday makes use of a relatively new form of credit control first introduced in December, 1973.

Its official name is the supplementary special deposits scheme, describing the mechanism by which the banks are penalised if their expansion exceeds the limits set in advance by the Bank of England. But it has become universally known as the "corset," because its effect is to squeeze the banks' growth.

The "corset" works directly on the interest-bearing element of the banks' funds. Its impact therefore excludes the non-interest bearing current account funds, but bears on money acquired through the wholesale money markets and, an increasingly important element recently, the funds coming through the branches on which the banks pay interest.

The system works by imposing a heavy penalty on any bank which grows too fast. The controls announced yesterday follow exactly the same pattern as when thy were used previously, but with a much stiffer limit which will mean a very strict restraint on the banks.

The limit relates to the interest-bearing eligible liabilities of the banks and deposit-taking finance houses—eligible liabilities are essentially the main deposit funds.

It is based this time on the average figure for these liabilities on the mid-month make-up days in August, September and October this year.

For the first six months—that is, to the average of next February, March and April—the limit set is a 3 per cent. growth in interest-bearing eligible liabilities (known not very prettily as IBELS). Beyond that, a limit of ½ per cent. a month will apply for a further two months.

If a bank's IBELS grow faster than this, it will ber equired to place non-interest bearing special deposits with the Bank of England.

These special deposits are fixed on a sliding scale, rapidly reaching penal levels at which the bank concerned would suffer heavily from the resulting loss of interest on its resources.

For an excess growth of 3 per cent. or less, the rate of non-iterest bearing special deposits will be 5 per cent. of the excess.

Within limits

However, if a bank reaches a growth rate betwee 3 and 5 per cent. above the limit, the penalty brings a 25 per cent. special deposit with the Bank. This rises to a painful 50 per cent. for any growth in IBELS of more than 5 per cent. above the limit.

The special deposits will not have to be paid until after the six months is up. But the controls mean that any bank will have to keep its growth strictly under control between now and then in order to be sure that it will end up within the limits.

The penalties are the same as were imposed in the last phase of the previous use of the controls. But the limits are much stricter, at only ½ per cent. a month growth.

When the system first came in in December, 1973, the limit was set at an 8 per cent. growth over the next six months. This was twice renewed for further six-month period at a growth rate of 1½ per cent. a month.

The other aspect of yesterday's measures concerns exchange control rules. It is, in effect, a hangover from the historical position of the U.K. as the centre of the world-wide sterling area and the extensive use of sterling in world trade and as a reserve currency, a position which the country can no longer sustain.

The main features of the sterling area effectively came to an end in June, 1972, when the pound was floated and exchange control restrictions were extended to cover the overseas sterling area.

But rules for the lending of sterling by U.K. banks to residents in OCA countries were deliberately drawn in wide terms. Sterling bank credit facilities for trade between countries outside the sterling area had been ended in 1968.

But it remained possible for U.K. banks to provide sterling finance for trade between overseas sterling area countries or between one of these countries and other foreign countries.

This left in place the traditional banking role of the U.K. in financing the trade of countries in the sterling system. But it left sterling exposed to the possibility of additional pressures at times of weakness.

The rules have already been modified in August, requiring U.K. banks to satisfy themselves that such finance related to a specific current movement of goods and that the period of credit did not exceed 180 days.

The changes take effect from to-day. But to ease the transition new drawings under existing lines of bank credit for this kind of trade will be allowed to be made for another month.

H. A. N. Brockman examines some of the recent architecture in London

Changing the face of the Metropolis

UNHAPPILY, of the many books on old and new London, most are out of reach of the ordinary but interested reader.

Most either lament what has gone—and a quick glance at them does make one regret the lack of foresight which could so easily have brought new uses for some of the magnificent buildings and interiors which have disappeared. Among the most recent, Hermione Hobhouse has written a beautifully illustrated account of Lost London which will shortly be published.

Of past books on modern London there was Hugh Casson's New Sights of London (1938) beautifully illustrated with line drawings of some of the best work of that date, and Ian Nairn's Nairns London, of 1967.

Now comes a guide to Modern Buildings in London, edited with critical observations by Charles McKean and Tom Jestico, obtainable from the Royal Institute of British Architects, 66, Portland Place, W1. The virtue of this small book is twofold. First, it is published at the modest price of £1.25. It is neither a paper back nor a hard back, but in the new form of softback which gives that bit of stiffening which a paper back does not. Secondly, it does the constructive job of "choosing buildings of some interest to the layman," without claiming any particular virtue in them other than that they are considered to be typical of their kind.

Hideousness

It is difficult to recall a *period of building such as we* "enjoyed" in the 1950s and 1960s which has given architecture the worst reputation it has ever had in the whole of history.

The Londoner still remembers the brash hideousness of some of the more objectionable office and tower blocks which have completely transformed his city within a generation. The fact that they are so extremely prominent and permanent has coloured his whole outlook.

The tower block, dare one say it, is not a bad thing in itself: it is the concentration and the brutishness which hurt. How did it start? The first I remember was about 1948 at Harlow. In planning that new town, Sir Frederick Gibberd, among other architects of the time, cast an eye on the sea of two-storey houses in such places as Dagenham and Becontree, built only a few years before the war, and decided that what was lacking was the occasional exclamation mark to relieve the monotony such as until recently had been provided by the church spire. So in addition to the benefit of good housing layout, the retention of trees and of new planting, he designed a tower block of a mere 12 storeys to provide that relief. Most successful it was, in addition to its aesthetic function, as it was not designed for families, but for single people.

As always happens to anything new in the world of design, there were many who caught on to the same idea. Unfortunately the construction industry, with its rapid development of the mass production of building components, including whole sections of the outer wall, exploited these techniques with the promise of rapid erection. The customers were not architects, but the committees of local authorities were able to *brief* their architects on the necessity to build both quick and high, and to use those means. The methods also appealed to the commercial world and in particular to the office developer.

Pendulum

With the strong reaction of *the public and, it must be said,* of many an architect, the pendulum has swung in the opposite direction. During the whole of this time, however, architects have been continuing their researches and their study of human needs, with a greater attention than ever to environmental amenity and the provision of comfortable and aesthetically acceptable surroundings. It might be said that there is now a bit too much dark brick and brown glass about, but this will pass.

One of the important things that is not understood to-day, with the imprint of those high blocks still on the mind, is the quite astounding architectural variety to be found in the modern buildings that do not necessarily shout for notice. It is this which marks the new guide as of real interest to the reader. Such buildings are to be found everywhere, down side streets as well as in the main streets, but they cannot be seen from any distance, like the Post Office Tower, and so do not constantly remind one of their existence.

The book is arranged around some six geographical areas and deals with all categories of building. A hundred are illustrated, each one being captioned with title, address, designer, builder, and an indication of the nearest point of public transport. An end-paper map gives the numbers of relevant illustrations in their appropriate locations and there are larger scale maps in the text.

The variety of design is most impressive. In the City itself, for instance, there is an astonishing example by Arup Associates, an office building in Cannon Street which achieves large uninterrupted floor areas by placing the structural members outside the glazed curtain wall. The structure provides a diamond form lattice work pat*tern of stainless steel* tubes, filled with water to provide fire protection: a strikingly interesting and most unusual addition to the street scene.

Neo-classical

A completely different problem came to William Whitfield and this was thoroughly to modernise and extend the very fine headquarters building for the Chartered Accountants behind Moorgate Street, originally designed by John Belcher in 1890 and later extended in the same manner. In building against Belcher's elaborate facade Whitfield frankly ignored the architectural precedent, but turned the corner with a new entry marrying old and new and perfectly interpreting the neo-classical precedent of the original against which it abutted. The result is worth looking at and apprec*ing for its versatility.*

Among other minor buildi of excellence in the City the West End there is a sm infill in Mortimer Street Lush and Lester which tains the scale and proporti of its neighbours while dep ing entirely from any styli precedent. The now fam *Lillington Gardens* Hou Scheme by Darbourne and D is a splendid example, m in brickwork, of the retur the kind of high-density hou that is both attractive to at and pleasant to live in.

One of the most outstan contributions to London's war architectural scene is rebuilding of Jack Str Castle, that famous old bu the crest of Hampstead This is a modern interpr of an age-long vernacula building clad in white pai weather boarding with a str ture comprised wholly timber. The building has tellated Regency facades ground floor bow-windows the main frontage. It was signed by the late Raymo Erith, an architect of gr ability and sensitivity.

Courtyard

Then there is the small bo of brick and timber in Cam Town, at Torriano Cotta designed by Philip Pank himself and family. The site heavily overlooked and so house is arranged around internal courtyard which both light and privacy. overall impression, say editors, "is almost that farmhouse." The most un feature is the grassed over roof with a duck-pond paddling pool.

The quality of these buil varies as must be the case such a wide selection, bu interest lies in the surp variety to be found designs. Incidentally, neve put off by a photograph reasonable cost of this book obviously forbidden larger better reproductions. graphs cannot ever give whole picture—buildings groups of buildings must visited to be appreciated.

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LABOUR NEWS

Pay talks failure may delay TSB plan

By Our Labour Staff

PLANS by the Trustee Savings Banks for a new personal lending service to customers from Monday are almost certain to be delayed after the failure of talks yesterday between the National Union of Bank Employees and the Department of Employment.

Mr. Harold Walker, Minister of State at the Department of Employment, told NUBE officials yesterday that the claim for extra payment for staff responsible for administering the new loan scheme was too high.

Mr. Bill Wileman, the union national officer for the TSBs, said after the meeting that the Minister had apparently accepted the union's case that extra responsibility was involved, but refused to give any criteria as to how much extra pay would be allowable under the pay policy.

After the meeting with Mr. Walker, the union's TSB committee passed a resolution confirming that no TSB loan services would be operated from November 22 unless a satisfactory agreement could be worked out.

The union had negotiated increases of about £700 for about 1,650 TSB managers because of the extra work involved but the Department had refused to give the settlement the go-ahead.

Mr. Wileman said last night that he would be available for more talks with either the TSB or the Department before Monday's deadline, but he was not optimistic that an agreement could be reached in time.

Government approves £20 rise for Massey workers

BY DAVID CHURCHILL, LABOUR STAFF

PAY RISES of up to £20 a week for nearly 2,000 white-collar workers at Massey-Ferguson have been given the go ahead by the Department of Employment in spite of pay policy restrictions.

The increases are due after a job evaluation exercise which, because it was agreed in principle before the pay policy started in August last year, can now be implemented in full says the Department.

The rises will be incorporated into the employee's next annual salary review in April, but will in effect be backdated to August, 1975, when the agreement was made initially.

The job evaluation scheme, which covers employees in the Midlands, Manchester, and Scotland, has taken more than three years to negotiate between the company and the Association of Professional Executive, Clerical, and Computer Staff.

It provides for both the company and union to establish jointly job grades and for an appeals procedure and independent arbitration on disputed rankings. The scheme also simplifies the salary structure within Massey Ferguson and endeavours to establish equal pay rates within the company.

All employees have been given details of the new grades and salary rates, which were finalised at a recent meeting of the joint management and union national staff council.

The extent of the pay rises due vary from plant to plant. At the company's Peterborough factory, more than 700 employees will get salary increases of up to £1,000 a year.

At other plants about 500 workers will get increases of more than £375 a year while over 100 will receive rises of £200.

Shop stewards representing about 18,000 workers from all Massey Ferguson plants are to meet in Coventry next week to discuss their annual pay claim, due to be implemented from next April.

Workers at the company's Manchester factories have already decided that their shop stewards at the meeting should press for a four-month agreement from next April to be revised in August if the present pay policy is relaxed to allow for free collective bargaining.

The Manchester stewards claim that colleagues at the other Massey Ferguson plants are likely to consider the proposal seriously because they are "fed up" with the limitations imposed by the present pay policy.

Rolls men to stay out

BY OUR LABOUR STAFF

A MASS meeting of strikers at the Rolls-Royce aero-engine plant at Blantyre, Scotland, decided yesterday to continue their 18-week strike and sit-in protest against the company's plans to shut the plant and move the workers to a nearby factory.

The strikers agreed to seek further talks with the management to negotiate improved terms for transfer of the workers. Under the Rolls-Royce offer, employees would get a travel and "disturbance" allowance as well as all removal expenses paid.

The strikers are believed to have passed a resolution initially agreeing to a return to work pending further talks. But this was later amended to seek talks while the strike continued.

The company said last night that it was willing to talk to union representatives about the terms and conditions of its transfer plans for individual workers if such a request was made.

Disputes halt supplies from two brewers

BEER SUPPLIES from Allied Breweries' Burton-on-Trent brewery and Bass Charrington's distribution depot at Bury have been halted by industrial disputes.

Some Allied group publicans are warning their customers of a possible dry Christmas. About 80 Bass Charrington public houses in the Greater Manchester and Merseyside areas have been closed with 450 bar staff made idle.

Hazard lights at Fords

FORD MOTORS is at considerable pains to emphasise that it is not looking for a confrontation with the workers at Halewood on Merseyside.

But that is certainly the view of Mr. Eric Cooper, convener in the troubled body plant where 4,500 workers walked out in support of 16 colleagues subjected to disciplinary action.

"Fords has never been an easy company to get on with. But suddenly on Monday this week management came in with the mailed fist," he said.

With many of his workmates, Mr. Cooper believes that instructions have come from Detroit to "get tough with Liverpool."

On Monday a ban was placed on overtime. Foremen and supervisors called together each section of workers to tell them that failure to raise output would endanger the long-term prospects of the plant.

Each worker was told what his job involved and warned that "unacceptable practices"—such as job sharing — should cease. Supervisory staff were instructed not to be deterred from taking disciplinary procedures by the possibility of strike action.

Low productivity is at the centre o fthis latest dispute to hit the Halewood complex, which employs nearly 12,000. Ford lays most of the blame for the poor performance with the work force while the unions complain of inefficient management and deteriorating machinery.

Production lines are manned to turn out 70 of the successful Ford Escort models an hour, according to management. Allowing for breakdowns, 63 is regarded as "reasonable." In reality output is averaging only 45 to 47 an hour.

Conscious of lagging production levels, Ford initiated "a communication programme" in September with the aim of motivating the work force.

The management believes that low morale in the motor industry, and particularly on Merseyside with its high unemployment, might be encouraging workers to spread out work in the hope of avoiding redundancies.

Accordingly, at meetings with

Last month the first newsletter dispatched to the homes of employees called for improved performance. The November bulletin said that the situation was becoming serious and that overtime would have to be cut unless normal working improved.

Last week two disputes over manning and discipline resulted in strikes costing 2,000 lost cars. The management responded with

News analysis: Troubled Halewood

BY ARTHUR SMITH

shop stewards and in dealings with the work force, assurances were given about the future of the Escort and the importance of increasing market share.

In January, the first of a half yearly series of meetings were held in which workers were given a slide show presentation of performance and the "Target 76" programme was launched.

The policy appeared to be working with output improving through October into January and February of this year. Progress was checked in March by a series of disputes but output recovered until June when further troubles erupted.

Productivity deteriorated in July and in the eight weeks since workers returned from their August holidays output has slumped to the levels of last year.

a strong letter at the week-end, saying overtime was cancelled.

Indeed the management maintained that, even with overtime and an additional 300 workers recruited in recent weeks production has hardly budged from 800 a day compared with the target 1,000.

The decision to move production of the Capri to Germany last month on a temporary basis to allow Halewood to concentrate on the Escort has made little difference to output.

The area where the management has expressed its intention to crack down is on "unacceptable practices." The company maintains that "a team of say eight men on an operation will divide their work so that four of them can be resting at any one time.

Another practice is for workers with a set task to rush ahead and then take a rest.

Such activities lead to rushed work, inefficiency and the quality of the job suffers with the result that rectification has to be carried out at the next stage of production—a process that can cause bottlenecks and hold-ups.

The company says that it is not possible to quantify how widespread the practices are, but maintains that only a small minority of such workers can disrupt production.

The unions have cooperated in trying to identify areas where the problem existed and to help overcome it but its prevalence remained "unacceptable."

For the unions, Mr. Cooper insists that the problem of work sharing has already been eradicated. "It's no use singling out the work force when there are at least 20 reasons for low productivity."

He blames worn machinery and equipment, citing in particular the low quality of panels from the press shop. But he reserves his strongest criticism for the inefficiency of the management.

Ford firmly rejects charges that its decision to make a stand at Halewood has anything to do with recent experience at the Dagenham plant, or the nearness of Christmas.

Ford says that at Halewood, after more than 12 months of reasoning and persuasion, the point has been reached when it must take stronger action.

Suspensions on the disciplined men run out today and much of the work force will be clocking in again. The following days will be crucial in determining whether Halewood can avert strife and raise output.

Car components workers to review pay strike

BY OUR LABOUR CORRESPONDENT

SHOP STEWARDS representing maintenance engineers at Rubery Owen's key components plant at Darlaston meet to-day to review their three-day-old unofficial pay strike which threatens to halt production throughout the motor industry.

British Leyland, Chrysler and Ford are the main customers for the plant's wheel, petrol tanks, chassis frames and suspension units. They face serious disruption as stocks of these run out.

The strikers' union, the Amalgamated Union of Engineering Workers, is urging them to return because their demand for £10 a week increase is in breach of the Government's £2.50 to £4 a week pay policy.

British Leyland, the largest and therefore, most vulnerable of the plant's customers, has sufficient component stocks to last until about the middle of next week.

Production of Leyland's Land Rover is already at a standstill due to a fortnight-old strike by 28 cylinder head machinists at its Acock's Green works in Birmingham, who are refusing to work with time study engineers.

Further problems arose at Leyland's Cowley, Oxford, assembly plant yesterday when engine tuners banned overtime in protest at a management decision to draft into their department men considered by the tuners to be not sufficiently skilled.

The ban is expected to delay clearance of the large stocks of unfinished cars which are awaiting rectification.

Union rebel keeps job on religious grounds

A CAR WORKER, threatened with dismissal for refusing to join a union, won a fight to keep his job yesterday.

An industrial tribunal barred Vauxhall Motors from dismissing fitter and fitter Mr. John Cotter from his £60-a-week job.

Mr. Cotter, 42, who has worked at Vauxhall's plant in Luton for eight years, refused to join a union on religious grounds even though Vauxhall unions have a closed shop agreement. His religion also bars drinking, smoking, cinema, radio and TV.

Mr. Cotter was a member of the Amalgamated Union of Engineering Workers for 10 years, but left when he joined the Ecclesia of Christ, which has 250 members throughout England.

After an eight-month dispute with the union and management he was given two months' notice.

He told a tribunal hearing in October: "I am not a militant or an agitator. I just want to serve my employers and Christ."

The company and the unions claimed that the Ecclesia of Christ's ban on unions did not qualify as religious belief because it was not based on any Bible teaching.

The tribunal said: "We are in no doubt that Mr. Cotter is profoundly genuine in his convictions. If consideration had to be given to the reasonableness of the religion the law would have said so. It follows that his dismissal was unfair."

Vauxhall said: "We are perfectly content that Mr. Cotter should keep his job."

Grant made for study of manpower problems

THE INSTITUTE of Manpower Studies has been awarded a three-year grant jointly by Mr. Albert Booth the Employment Secretary, and the Manpower Services Commission, to enable it to interpret manpower problems and help the Government take relevant action.

The institute is required to provide a regular independent commentary on issues affecting manpower policy. The grant is to help it to widen its contacts with companies and other interested bodies.

The commentary will report on "impact of Government policy: the effect of the labour market on companies' employment policies and practices; ways by which the effectiveness of companies' use of manpower could be improved; and the impact on groups of individuals or trends in employment."

The institute's main centre is at Sussex University, Brighton, with an ancillary centre at the London School of Economics.

● The index of basic wage rates at the end of last month was 218.7, a 16.7 per cent. increase over the previous 12-month period. This compares with 218.5 at the end of July, when the present stage of the Government's pay policy was introduced.

Humps in road to slow cars

SCOTLAND'S FIRST "sleeping policemen" are to go on duty in Glasgow. The Transport and Road Research Laboratory announced yesterday that it planned to carry out a one-year trial in Barlanark Road, which has a history of accidents.

Humps will be spaced at intervals of between 50 and 150 yards, spanning the road to control traffic speed.

PARLIAMENT

Varley grim on effects of Bill delay

BY JOHN HUNT

MR. ERIC VARLEY, Industry Secretary, last night warned Opposition peers that they will be held responsible for the "catastrophic" effects on the shipbuilding and aircraft industries if they continue to oppose the Government's plans for the nationalisation of ship repairing.

His new warning came as the Commons was yet again considering the Aircraft and Shipbuilding Industries Bill in the long battle with the Upper House. Earlier this week, the peers defied the Government by throwing out the Bill's proposal for the State ownership of the 12 ship repairing companies, but retained the nationalisation of aircraft and shipbuilding.

Mr. Varley urged the Commons to reject the action of the Lords and send the Bill back once more so that the Opposition peers would have a chance for second thoughts and the Bill could become law in its original form before the new session of Parliament starts next Wednesday.

But judging from the reaction of the Tories in the Commons last night, there is little chance of a change of mind by their colleagues in the Lords. Mr. Michael Heseltine, shadow Industry Secretary, condemned the Government's plans for ship repairing as "totally irresponsible." He claimed that in throwing out the provision, the Lords were merely representing the overwhelming wishes of the British people.

Campaign

In a renewed attack on the Lords, Mr. Varley said that if they maintained their present stance, the blame for the delay in enacting the legislation would lie squarely on their shoulders.

The consequence of delay for both shipbuilding and the aerospace industries had been described by Lord Melchett, for the Government, as catastrophic. "He was not exaggerating," commented Mr. Varley.

"Not the least to suffer from the delay will be the very private ship repair companies which the Lords are misguidedly fighting to remove from the Bill," the Secretary of State added. His information was that at least nine of the ship repairing companies on the list were anxious for the Bill to go through in its original form.

In a reference to Bristol Channel Ship Repairers, he said that the company had waged a vigorous publicity campaign against nationalisation. But he had received a letter from one of the company's shop stewards containing the signatures of 78 per cent. of the workforce at the Cardiff yard saying that they were in favour of the State takeover proposed by the Bill.

At this, a Tory MP jumped to his feet to deny Mr. Varley's claim. He argued that the vast majority of workers in Bristol Channel Ship Repairers were strongly opposed to the Bill.

Mr. Varley, however, maintained that the Government had a clear mandate to insist on the inclusion of ship repairing.

"Yet the Tory peers, responsible to no one, elected by no one, take it upon themselves to decide which election commitment an elected government may be permitted to fulfil. They never once did that when the Tory Government was in power. They are selective about their interpretation of their role.

"I hope they will think carefully of the consequences for the many thousands who depend for their livelihoods on shipbuilding, ship repairing and the aircraft industry if they delay this Bill by disagreeing with this House. The responsibility for these consequences will be theirs and theirs alone."

Mr. Varley said that reports in the Daily Express and the Financial Times that the Government had offered a deal to exclude some of the ship-repairing companies from the Bill were completely without foundation.

"No such deal has been offered and no such deal will be offered. The Government has a clear mandate for these proposals. It is not for the House of Lords to pick and choose which manifesto commitments they deign to permit us to implement."

Devolution could mean different times–MP

THE PROSPECT of driving from Cardiff to Edinburgh and changing the time twice, was included in the Government's devolution proposals, Mr. Malcolm Rifkind (C., Pentlands) claimed in the Commons yesterday.

The idea of devolving responsibility for changing to Summer time in Scotland and Wales was unwanted and "one of the silliest decisions of the present Government," he said.

Mr. Ioan Evans (Lab., Aberdare) said the "bizarre" proposal would mean the 10 o'clock news in London might be heard at 9 p.m. in Cardiff and 11 p.m. in Edinburgh. "If the idea of devolution is to unite the people of Britain, this isn't the way to unite them."

Would the Government ensure that there was a "national supply of cuckoo clocks" if the proposal went through, he asked.

Dr. Shirley Summerskill, Home Office Under Secretary, said MPs were anticipating a decision which had not been taken. If the power to decide their own Summer time were given to Wales and Scotland, it must not be assumed that they would choose a different time.

Steps planned to combat hooliganism

MR. MERLYN REES, Home Secretary, told MPs yesterday that he plans "further steps" early in the New Year to combat football hooliganism. He is considering higher maximum fines and different types of prison sentences.

Mr. Phillip Whitehead (Lab., Derby N.) said that to impose fines on hooligans who could pay them the next day, or sending them to prison at public expense, was not the whole answer.

Deportation carefully considered—Rees

THE DECISION to deport two Americans was taken solely in the interests of the security of Britain and of the personal safety of individuals in the service of the Crown, Mr. Merlyn Rees, Home Secretary, said in the Commons yesterday.

On security grounds, he was not prepared to go into greater detail, he told MPs.

Mr. Rees was making a statement on the deportation orders served against Mr. Mark Hosenball, a 25-year-old journalist, and Mr. Philip Agee, formerly connected with the Central Intelligence Agency. "I reached my decision after the most careful consideration," he declared.

Mrs. Judith Hart (Lab., Lanark) argued that Mr. Agee's "regular contacts harmful to the security of the U.K.," which formed part of the grounds of Mr. Rees's decision, were "open contacts, entirely consistent with a legitimate journalistic research."

Mr. Rees told her: "If I was to say any more about the nature of contacts with foreign intelligence officers, I might do more harm than good."

Mr. William Whitelaw, deputy Opposition leader, said the security of the State must be the primary consideration. If the Home Secretary believed, on the evidence available, that deportation was necessary in the interests of State security, he deserved the support of both sides of the House.

Narrow majority for SDA inquiry

By Justin Long, Parliamentary Correspondent

THE MARXIST charges made by the Social Democratic Alliance against 33 Labour MPs were yesterday sent to the Committee of Privileges when the Commons dealt, for the second day running, with an alleged breach of Parliamentary privilege.

But the sound and fury of the previous day was clearly spent, and most Labour MPs, at any rate, appeared ready to drop further pursuit of the issue. Many Tories, on the other hand, just as plainly considered that the matters involved needed closer inquiry.

So it was only a narrow majority—13 votes (243-230)—that carried the motion to have the SDA charges put to the Privileges Committee. Liberal MPs joined the many Labour MPs in the division lobbies against the motion.

Mr. Eric Heffer (Lab., Walton) claimed that any document which said that Mr. David Basnett, general secretary of the General and Municipal Workers' Union, and Mr. Daniel Jones (Lab., Burnley) were dangerous and wicked Reds was so ludicrous that it would be a waste of time and energy for the Privileges Committee to consider it.

Mr. Peter Tapsell (C., Horncastle) "entirely agreed" with Mr. Heffer's objection. "This House is in danger of bringing itself and the Committee of Privileges into disrepute," he said.

And former Labour Chief Whip, Mr. Bob Mellish, declared: "Let's throw it out." The time of the House should not be wasted. Complaints like this could be dealt with by the courts.

Mr. David Steel, Liberal leader, hoped that the motion would be withdrawn. He called for a debate on the report of the 1968 Committee of Privileges so that the House, if it wished, could change the rules.

Mr. Nigel Lawson (C., Blaby), however, claimed there was a great danger of the House making a fool of itself by being inconsistent. The issue was congruent with one the previous day which the House had decided by an overwhelming majority to refer to the Committee of Privileges.

Mr. Lawson claimed there was even a coincidence of names. Of the ten people named by Mr. Ian Sproat, eight were on the SDA list of 33. They were: [illegible] for Bethnal Green and Bow (Mr. Ian Mikardo); Sheffield Brightside (Miss Joan Maynard); Selly Oak (Mr. Tom Litterick); Tottenham (Mr. Norman Atkinson); Wolverhampton NE (Mrs. Renée Short); Penistone (Mr. John Mendelson); Barking (Miss Jo Richardson); and Lanark (Mrs. Judith Hart).

Only two MPs, Mr. Martin Flannery (Sheffield Hillsborough) and Mr. Arthur Latham (Paddington) had been left out of the "autumn double," Mr. Lawson said.

Mrs. Audrey Wise (Lab., Coventry SW) said there were enormous differences between the complaint over Mr. Sproat's speech and the complaint against the Social Democratic Alliance.

Reform demands span half a century

A capacity for survival—or the House of Lords Story

BY RUPERT CORNWELL, LOBBY STAFF

THE SOUND and fury provoked by the inroads of the Lords into the Government's legislative programme has tended to obscure a more basic problem that has bedevilled British politicians for more than 60 years. Just how do you reform the Upper House of Parliament?

As the party battle has intensified, views inevitably have become more extreme. Conservative leaders, chortling over the mishaps to the Dock Work Bill in the Commons, have hailed the amendments of their Lordships as proof that they are more in tune with the man in the street than the Government.

The Labour Party, in its impotent rage at watching Tory peers do what Tory MPs could not, sees the episode as a plot justifying radical surgery.

The milder Left-wing view is that hereditary peers who make up the vast majority should simply lose their right to vote. Mr. Benn, for one, would abolish the Lords, lock, stock and barrel —an idea that could find its way into the next Labour manifesto.

However, the difference which sets to-day's uproar apart from its predecessors is that both sides can make out a reasonable case. The wrangling over the five controversial Bills in question has shown the Upper House at its best and its worst.

In running a close eye over pieces of legislation that arrived late and sometimes badly drafted, they have done their constitutional duties. That their main amendment to the Dock Bill was carried in the Commons thanks to Labour MPs who could not stomach the Government's ideas only adds weight to that argument.

Equally, the Conservative claim that the Lords were doing nothing but their duty conveniently forgets the changes that were wrought. Mr. Michael Foot is entitled to charge that the process involved more wrecking than revising, and that it is not the job of the unelected few to render public Bills, approved by the Commons, unrecognisable.

The crime (if so it is) is, of course, nothing compared to the events of 1909 which started the reform ball rolling. To-day the battle is over amendments to five contested measures, of which only two are being fundamentally challenged, and when the Government's support has dwindled in the Commons to next to nothing.

But 67 years ago, it was a different matter. At issue was the radical "popular Budget" of a Liberal Government with a majority of 356, the largest ever electoral victory. Moreover, for the first time in 250 years, the House of Lords was rejecting a financial Bill. "Mr. Balfour's poodle" it was caustically dubbed by the Chancellor, Lloyd George, and the accusation that the peers were the creatures of Tories in Opposition stung as much then as it does now.

Lloyd George dubbed the Lords "Mr. Balfour's poodle" in a clash of different dimension 67 years ago.

The upshot of the revolt was the 1911 Parliament Act, amplified by another in 1949, which removed the Lords' right to interfere with money Bills and cut their delaying power to little more than a year.

Tacked on to the preamble of that Act was the intention to replace a hereditary second chamber with a popular one. "But such substitution," it recorded, "cannot be immediately brought into operation." Seventy-five years later, that must rank as one of the political under-statements of the century.

To-day, the idea of reform—rather than abolition—had support among moderates in the three main parties. Their thinking is that two chambers are more essential than ever to deal with legislation of increasing complexity. Equally, though, they believe that the House of Commons must remain the centre of the system. The trick, therefore, is to create a House of Lords neither too dependent, nor too independent. It should have a status, but not one suffi-
ment that are its main strengths.
cient to enable it to challenge the Lower House's authority while it should preserve the special expertise and detach

In 1958, the then Prime Minister, Mr. Macmillan, struck the first real blow by creating life peers. They now account for around 270 of the 1,100 members of the Lords. But the most complete recent blueprint was that of the Labour Government eight years ago—built around a two tier system under which only created peers could vote, while hereditary peers would have the right to sit for their lifetimes. The total voting strength would shrink to around 230.

The Government of the day would have a slight majority over the Opposition parties. The crossbench peers, without formal allegiance, would hold the effective balance. The total of bishops in the House would be cut to 16 from 26, but the Law Lords necessary to preserve the legal function of the Upper House would retain their place.

This ingenious scheme foundered on an unholy alliance as Conservatives opposed to any change joined forces with the abolitionists on the Labour Left, who feared that any reform would give the Lords a powerful lease of life.

It is impossible to say whether events would take the same course now, particularly since reform of the Upper House could well drag into the spotlight other constitutional issues.

In the short term, it is a fair bet that the Lords are safe on the calculation that Labour in its weakened state has not the stomach for such a fight and that the Conservatives would steer clear of really sweeping change.

Callaghan confident IMF loan will be forthcoming

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THERE IS little doubt that the loan Britain is negotiating from the International Monetary Fund will be forthcoming, Mr. James Callaghan, Prime Minister, assured the Commons yesterday.

He rejected criticism from the Tory backbenches of the recent assertion by Mr. Denis Healey, the Chancellor of the economic benefits to be derived from the highest possible standard of living—even though it meant borrowing from abroad.

In a rational atmosphere, there was no reason why a country should not borrow against assets if its economic policies had a good chance of coming through, declared Mr. Callaghan, and he made clear his confidence of this outcome.

"As long as we maintain the existing policy of relying on export-led growth and keeping cash control over public expenditure and putting the needs of industry first, there is no reason why we should not see our way through this temporary period into the 1980s."

From the Liberal benches, Mr. Jeremy Thorpe suggested that representatives of the oil buying nations should meet before the next OPEC conference to establish a collective view and so bring some influence to bear on the oil selling countries.

Mr. Callaghan agreed that a substantial increase in the price of oil could certainly be disastrous for the poorer countries and would also hit the better off countries.

During exchanges at question time, the Prime Minister was urged from the Labour side to take a leaf out of the book of the U.S. President-elect, Mr. Jimmy Carter.

Left-winger, Mr. John Mendelson, pointed out that Mr. Carter had campaigned for increased public expenditure in order to create more jobs, and he hoped Mr. Callaghan would see the wisdom of following a similar course.

But the Prime Minister was prepared to make no such promise. The economic circumstances of individual countries were not necessarily comparable, he said.

Taking just one factor, he added, the unemployment situation in the U.S. was far worse than it was in Britain. This alone suggested that there could be a need for a different type of action in this country.

The Tories, however, were concerned to press the issue of the proposed IMF loan. Mr. Norman Lamont (C., Kingston-upon Thames) wanted to know what would have been the prospect of such a loan if Mr. Callaghan had taken up the job he had once wanted as managing director of the IMF.

Mr. Callaghan replied: "As a matter of history, it is true that I was approached by the Conservative Chancellor (at that time it was Mr., now Lord, Barber) who presumably had sufficient confidence in my abilities to believe that I could fill the post. But there were other difficulties.

"I may say I am very glad it didn't come off," the Prime Minister added. "Or I should not be here to answer these questions."

Healey to publish assessment

Financial Times Reporter

MR. DENIS HEALEY, Chancellor of the Exchequer, proposes to publish an assessment of economic prospects before the end of the year. This was disclosed in the Commons yesterday by Mr. Joel Barnett, Chief Secretary to the Treasury.

Mr. Robert Sheldon, Financial Secretary, told MPs that at current interest rates, the interest on the $2.5bn. loan announced on March 26, 1974 is running at some $180m. a year.

The servicing cost of foreign currency loans for nationalised industries and local authorities concluded in April 1974 was currently equivalent to some $65m. a year.

Illegal immigration claim denied

A TORY MP's claim that the Government was "turning a blind eye" to illegal immigration, was rejected by Mr. Merlyn Rees, Home Secretary, in the Commons yesterday.

Mr. Dudley Smith (Warwick and Leamington) asked why the Home Office had not taken more positive action. Was it through incompetence, or for political considerations, that the Government had decided to turn a blind eye?

Mr. Rees replied: "There is no question of turning a blind eye to illegal entry." He warned Mr. Smith against confusing illegal entry with the problem of over-staying.

"While I am satisfied that all practicable and reasonable steps for countering illegal entry are taken, these measures—and the resources devoted to them—are kept under review." But he was concerned about over-staying, because it fuelled a great deal of the argument over immigration.

Mr. Rees was asked to explain why the number of Commonwealth immigrants had increased from 14,500 in the first half of 1975 to nearly 16,000 in the first six months of this year.

He told Mr. Colin Shepherd (C., Hereford) that the increase was mainly due to the speeding up of the rate of issue of entry clearances to wives and children in the Indian sub-Continent waiting to join heads of households already settled in the U.K.

Mr. Shepherd said the figures would cause considerable concern to a large section of the population which wanted to see a reduction in immigration.

Mr. Rees replied that in the first half of 1976, there were 689 more wives and 785 more children admitted as a result of the speed-up of entry clearances. It was not the case that there was a pool of people waiting to come to the U.K. which would get bigger and bigger.

Miss Joan Lestor (Lab., Eton and Slough) said the only unrestricted immigration came from the EEC. She argued that people should look at immigration as a whole and not concentrate on coloured immigration.

Mr. Rees agreed that the figures for immigration from Europe and the rest of the world were far more meaningful.

From the Opposition front bench, Mr. William Whitelaw, deputy Tory leader, said people were worried because the pool of dependents in the Indian sub-Continent was unknown. He questioned whether it was right or wise to speed up immigration of dependents into the U.K. until the number was known.

Mr. Rees replied that the Franks Committee was looking into this and the report would be available shortly.

British Airways chief rapped

BRITISH AIRWAYS chief, Sir Frank McFadzean, came under fire in the Commons yesterday from the Prime Minister and Labour backbenchers, over his recent criticism of nationalised industries.

Mr. Robin Corbett (Lab., Hemel Hempstead) asked Mr. Callaghan to tell Sir Frank that "people take a dim view of the boss of a State industry turning round and biting the hand that feeds it."

It was the role of the chiefs of public industries to sustain them, not to act as "some subversive agent of the private sector," Mr. Corbett declared.

Mr. Callaghan replied that he had read the speech with interest. Sir Frank had only recently taken up his post, which he had accepted under a Labour Government, and had already proposed a scheme for reorganisation which had been put to the Minister he had criticised and which had been accepted.

Tories gasped when Mr. Callaghan said that Sir Frank was "a most efficient businessman but has a completely abysmal ignorance about either politics or government."

Written Answers

INDUSTRY

Mr. Ian Gow (Con., Eastbourne). Can members of the public attend general meetings of Cable and Wireless; who represented the shareholders at the annual general meeting in October 1976; and who represented the shareholders at each of the last five annual general meetings?

Mr. Gerald Kaufman, Minister of State. No one, other than a shareholder or director of the company, has a statutory right to attend its annual general meetings. Five officials of Department of Industry and the Treasury hold individual shareholdings of one share each as nominees of the Government, and it is customary for them, or a quorum of them, to attend the annual general meeting.

Mrs. Margaret Bain (Scot. Nat., East Dunbartonshire). How many jobs currently existing in Scotland are directly attributable to projects diverted from South East England in the past ten years?

Mr. Alan Williams, Minister of State. Information is not collected on a regular basis about the reasons for firms locating projects in particular places. Information available in the Department shows that 10,000 jobs in existence in 1973 in Scotland were attributable to manufacturing establishments with origins in South East England which had opened in Scotland since 1966. Employment in some of these establishments is likely to grow as their operations build up. Information is not yet available for subsequent years.

TRADE

Mr. Cyril D. Townsend (Con., Bexley, Bexleyheath). What is the policy toward the practice of exporters invoicing in foreign currency; and what estimate has been made of the effect of the depreciation of sterling on the volume of exports if this practice were universally followed?

Mr. Michael Meacher, Under-Secretary. Exporters will often find it is to their commercial advantage to invoice in foreign currency (covering themselves on the forward market as required). This is, however, something which needs to be considered on a case by case basis. To the extent that increased recourse to foreign currency invoicing reflects sound commercial judgments, I would expect the effect on the volume (as well as the value) of U.K. exports to be favourable.

NEDO URGES RADICAL CHANGES IN RUNNING NATIONALISED INDUSTRIES

Policy councils to advise State sector

BY ADRIAN HAMILTON

A MAJOR report by the National Economic Development Office into the nationalised industries, published yesterday, proposes a radical change in the structure of State corporations and the Government through the creation of policy councils.

These councils, on which executive members of the industries, civil servants, consumer representatives and unions would sit, would lay down the broad lines of policy and performance targets for the main State industries.

Guidelines laid down by the councils would then be carried out, without direct interference from the Government, by a separate corporation Board appointed by the council.

The aim of this change—which would mean a "substantial departure from the traditional arrangements for directing and managing large public sector enterprises"—is to produce new arrangements by which inevitable Government intervention in State corporation affairs can be controlled and the performance of the industries better monitored.

Its suggestion is made after a detailed review of current arrangements which, the report argues, have failed to achieve their purposes.

NEDO's report, which was commissioned by Sir Harold Wilson when Prime Minister, has been produced by a study team led by Sir Ronald McIntosh, its director general.

Among other members of the team were Sir Kenneth Berrill, head of the Central Policy Review Staff; Mr. Nigel Foulkes, chairman of the British Airports Authority; Mr. Ray Pennock, deputy chairman of ICI; Mr. Bryan Stanley, general secretary of the Post Office Engineering Union; and Mr. Michael Young, chairman of the National Consumer Council.

NEDO does not itself recommend the precise arrangements for such councils and the corporation Boards reporting to them, nor does it give the detailed financial targets and monitoring procedures which it feels should replace the present systems.

Rather, it feels that these should be adapted to the quite different circumstances of the individual corporations and their specific capital and debt structures.

But it does suggest that a permanent "policy council," chaired by an independent president, should be set up for each nationalised industry to carry out the functions of:

"Agreeing corporate aims and objectives; agreeing strategic policies needed to achieve these aims and objectives; establishing performance criteria; endorsing corporate plans, including annual budgets and related pricing and cost assumptions; and monitoring performance at appropriate intervals against pre-determined policies and criteria."

The policy council should meet regularly and should include representatives of Government, trade unions representing employees of the corporation and executive management, with other members appointed to reflect consumer or independent viewpoints.

In one of its more radical proposals, the study team strongly recommends that the Government representatives should be senior civil servants in the sponsoring departments and the Treasury.

Although it accepts a theoretical case for Ministerial representation on the council, it feels that practical considerations of time would probably rule this out, although an "open seat" might be kept for such a move.

The objection that the civil servants would then be left with the dual role of reflecting Ministerial policy and sharing collective responsibility for council decisions is regarded as not a fundamental obstacle.

"In France, West Germany, Sweden and Austria," it points out, "civil servants sit on supervisory Boards for public enterprises and two civil servants already sit on the Board of the British National Oil Corporation.

"It will be increasingly important for civil servants concerned with public corporation to have a much greater degree of job continuity than has been customary in the past in view of the need to increase their knowledge of the industries and to build up mutual confidence and respect."

Strategy

In addition to consumer representatives, the Council might also include representatives of supplier interests and, in the case of the National Bus Company, there may be a case for local authority representation.

The councils would be provided with a small supporting staff, drawn mainly from experienced civil servants, managers and other staff seconded on a full-time basis from the sponsor department, corporation, and trade unions.

Of particular importance in the development of the Council and its position as a buffer to Government would be the role of the president.

The president, says the report, should be an independent figure, appointed by the Minister with a security of tenure which could only be terminated in pre-defined circumstances such as loss of confidence by council members.

His work should be part-time and, in view of his special job in clarifying long-term strategy and protecting the industry from interference, he should be a different person from the chairman of the Board.

The Board would be the executive authority for each nationalised industry, with its members drawn from those working within the corporation. It would be represented by the policy council by its chairman and other members nominated by the Board as a whole.

Its main function "would be to manage the corporation within a framework of jointly agreed policies, plans and performance criteria. It would initiate corporate aims, strategic policy options and proposals, carry out detailed planning and be responsible for implementation of policies and plans once they have been agreed by the policy council."

On the issue of appointments, the report recommends that the council president be appointed by the Minister, while the representative members should be nominated by the parties concerned subject to the approval of the sponsor Minister. The independent members would be appointed by the president, also with Ministerial approval.

A major innovation would be that "the responsibility for selecting and appointing the chairman and other members of the corporation Board should rest with the policy council."

In a clear reference to complaints about the restraint on nationalised industry salaries, the report recommends that, while the salaries and terms of service of council members should be determined by the Minister, the terms and salaries of Board members should be determined by the policy council.

The implication of this recommendation, the report declares, is that Board members' pay would no longer come within the terms of reference of the Top Salaries Review Body.

A major aim of these structural changes would be to deprive the Government altogether of the right to intervene directly in the affairs of the Board, which could be accountable solely to the council.

Government influence on the council would, it is hoped, be by persuasion but, in case of conflict, Ministers would retain the right of specific direction (although less powers of general direction) which would be published and debated.

The report lays down general guidelines to be followed by the council in implementing economic and financial controls, including efficiency indicators, specific standards of service criteria, pricing policies, national objectives, financing arrangements and firm ground rules for subsidy arrangements.

The Treasury, it suggests, would not only be a participant but would also set the constraints within which this process would take place, such as ratios of external financing, pricing, investment and subsidy arrangements.

An additional aim of these changes would be to bring the activities of the nationalised industries under greater Parliamentary scrutiny.

The Government would retain its powers to approve investment programmes and borrowing requirements, to issue directions and make the central appointment of president of the council.

But the "purposes and contents of the annual reports and accounts of the nationalised industries should be radically altered, so as to enable the policy council and corporation Board to report more effectively than at present on the exercise of their statutory powers and duties, and the Select Committee on Nationalised Industries to carry out its investigations on the basis of more relevent information."

Reports would be in two parts: the first part by the council, describing its aims and strategies and criteria set for the board; the second part by the Board, setting out performance and response to these guidelines.

This might then encourage the select committee to expand its recent innovation of holding hearings on the annual reports and increase parliamentary scrutiny.

The study team recognises the degree of change as well as implementing legislation that its recommendations would involve. But it comes to its conclusions only after a detailed and highly critical review of the way that relationships now work.

Nationalised industries, it suggests, have become too important a part of the British economy to treat simply as private organisation.

Together, they account for more than a tenth of the national product and nearly a fifth of total fixed investment; a high proportion of industrial employment. As suppliers they occupy a dominant position in energy, communication, steel and transport.

They also account for about a third of all the plant and equipment bought by British industry and for several sectors of industry they are the sole domestic customer.

The traditional idea of an "arm's-length relationship," the report argues, has fallen down in a number of ways.

Summarising these in his introduction, Sir Ronald McIntosh suggest the difficulties are:

"There is a lack of trust and mutual understanding between those who run the nationalised industries and those in Government who are concerned with their affairs.

"There is confusion about the respective roles of the Boards of nationalised industries, Ministers and Parliament, with the result that accountability is seriously blurred.

Sir Kenneth Berrill

"There is no systematic framework for reaching agreement on long-term objectives and strategy, and no assurance of continuity when decisions are reached

"There is no effective system for measuring the performance of nationalised industries and assessing managerial competence."

Detailing these problems in a separate chapter, the study team, backed by evidence in the appendices and background papers to be published shortly, suggests that successive legislation both in general and regarding specific industries, has failed to provide satisfactory definition of roles for the industry or to implement workable guidelines by which efficiency and performance can be judged.

Added to unsureness of aims on the part of corporations is an unwillingness of civil servants to seek corporation advice on policy while it is being developed or to set long-term frameworks of policies at all.

Financial controls, despite the improvements brought about by the Benson report and the tightening of controls on public expenditure in practice has proved poor

There have been too many interventions and changes in policies on prices, investment and service questions.

The "single option approach" of corporations in presenting corporate plans and investment reviews and limited departmental expertise in commercial analysis are major obstacles to proper corporate reviews

"Subsidy and financing arrangements have fallen into disrepute. . . . The present procedures for appointing chairmen and other Board members and for determining pay and conditions of service are highly deficient

"The pressures on Government to intervene or otherwise influence management decisions have increased over the last decade

"The Boards of nationalised industries cannot reasonably be held accountable for their performance under the present system, since their ability to carry out a predetermined strategy has been increasingly circumscribed by the way in which Government and trade unions have exercised their powers."

Under these circumstances, the study team rejects the alternative arm's-length approach by itself and suggests instead that Government and other forces have legitimate interests in nationalised industries, but that this must be formalised in a way that prevents short-term intervention in management.

In recommending its changes, it sees it as the answer in separating responsibility for strategic policy formulation and other management functions, of answering the individual needs of industry and as a "necessary precondition for creating an environment in which a greater sense of purpose and commitment can evolve."

Review

The actual report document is accompanied by an appendix volume in which—in addition to detailed charts on the role of the nationalised industry in the economy and in pay, employment, productivity and price trends—Coopers and Lybrand Associates give a devastating review of the effectiveness, or rather lack of effectivness, of the 1967 White Paper financial guidelines.

Professor John Heath also contributes an important paper suggesting a different capital and debt structure for state corporations, including more risk capital and a variety of forms of debt, including irredeemable debt

Over the coming months, NEDO further plans to publish a number of background papers on such issues as manpower, price behaviour, output, investment and productivity and aspects of French, West German and Swedish experiences.

A study of UK nationalised industries, their role in the economy and control in the future SO; £1.50 (for the main report), £3.50 the appendix)

APPOINTMENTS

Group changes at Stone-Platt

Mr. D. Willingham, at present finance director of Stone-Platt Industries, has been made chairman of the pump division in succession to Dr. P. E. Axon from April, 1977. Dr. Axon will remain on the Board of Stone-Platt Industries with special responsibility for the investigation of scientific and technical matters. Mr. J. B. McGrath is to be appointed a director of Stone-Platt Industries from January 1, and will succeed Mr Willingham as finance director in April. Mr. McGrath is finance controller of Platt Saco Lowell, one of Stone-Platt's textile machinery divisions. Mr. R. F. Tavener, chairman of the electrical division, is also to be appointed a director of the main Board from January 1.

*

Mr. G. P. S. Macpherson has retired from the Board of STANDARD LIFE ASSURANCE COMPANY.

*

Mr. Dennis C. J. Grabham has been appointed managing director of EATON LIMITED, succeeding Mr. F. D. Volowsek, who takes up a new appointment at group headquarters in Cleveland, Ohio, U.S., as head of Eaton Corporation's axle business worldwide. Mr. Volowsek remains a director of Eaton Limited and of Eaton Axles. Mr. Grabham continues to be responsible for the Yale Security Products of Eaton throughout Europe.

Mr. Dennis Grabham

*

Mr. Arthur Shaw has been appointed operations director of TIRE SERVICE SHOPS, a member of the SGB Group.

*

BRITISH LEYLAND has appointed two chief engineers within the group. Dr. I. H. Bruns has joined Leyland Truck and Bus as chief engineer, test operations. He was previously with BMW in Germany. Mr. Arthur Norris, who had temporarily been performing the duties of Leyland Truck and Bus acting chief engineer test operations, now returns to his position of executive engineer, resident engineering. Mr. Chris Cernes has been made chief engineer at Scammell Motors Watford, part of Leyland Truck and Bus. He was formerly manager, heavy truck programmes, at Truck and Bus Group headquarters at Leyland, Lancashire.

*

Mr. A. S. Lobban, a managing director of BRITISH ENKALON, will take over the responsibilities of Mr. R. B. J. Van Eldik for finance and administration on February 1. Mr. Van Eldik is leaving the Board on January 31 to become a member of the executive Board of the Centrale Rabobank, of the Netherlands.

*

Mr. Colin E. Mason has been appointed managing director, and Mrs. Elizabeth Edmond sales director, of W. A. BENNETT, the steel stockholding subsidiary of Astra Industrial Group. Mr. Mason was previously with Miles Druce/GKN Steel Stockholders.

*

Mr. R. M. Salter and Mr. P. A. English have joined the Board of CARTER WILKES AND FANE (HOLDING) and Carter Wilkes & Fane Ltd. Mr. P. W. Fane has been appointed deputy chairman of both companies. Mr. Fane and Mr. J. Wilkes have joined the Board of Alexander Muir and Company.

*

Mr. I. A. Martin, formerly managing director of ITT Distributors, has been appointed group comptroller of the industrial products group of ITT EUROPE INC. and will be based in Brussels. Mr. H. E. Newman, finance director of ITT Distributors, now becomes managing director and chief executive.

*

Mr. William A. Chisholm, director of the housing division of PERCY BILTON, has resigned because of ill-health. Mr. Bernard Wynick has been appointed general manager of the division.

*

Lord Chalfont has accepted the invitation of the British Overseas Trade Board to be president of the BRITISH INDUSTRIAL EXHIBITION to be held in Caracas, Venezuela, from March 13-24, 1977. Lord Chalfont is president of Canning House, co-sponsors, with the BOTB, of the exhibition.

*

Mr. Tom Knowles has been appointed financial director of HTV GROUP.

The Property Market

BY QUENTIN GUIRDHAM

Deficit certain on Tour Astro

THE predicament of Grasshopper Property Unit Trust over the Tour Astro office development in Brussels is one of the more spectacular examples of how the market and sterling turned against British projects. While Grasshopper's liability appears to be limited to £10.3m., this has to be balanced against total U.K. assets of £22.7m (the Tour Astro is the only foreign holding) and a minimal liquidity level. Hence the call from the fund's trustees, Barclays Bank Trust Company, to the 120 pension funds and charities who hold units to an extraordinary general meeting on Tuesday week to ask for permission to amend the trust deeds to allow a year's moratorium on redemptions. With a three-month notice period for selling, this would keep unit holders locked in till March 1978.

Since there has been no run on the fund in the last year, even when the Tour Astro problem was known about, the funds will presumably go along with the scheme. They have had little joy from Grasshopper, with even those who have held units for seven years showing no profit, with the last year producing the worst performance of any of the exempt property unit trusts.

The site for the Tour Astro, close to Abbey Life's Tour Madou in the Avenue des Arts, was bought in 1972 and the 100 per cent, funding arranged locally on a genuine long-term fixed interest basis. Barclays Bank Ltd. guaranteed the borrowings, and Grasshopper provided a counter-indemnity to a maximum of £10.3m. London and Overseas Investments had a "free" 38 per cent. equity interest for providing the property expertise, and no liabilities.

So far, Barclays Bank Trust say that two floors of the 30-floor, 35,000 sq. ft tower are agreed on, with hopes that the tenant will sign a lease in the next fortnight. The building was completed in August and has certainly attracted plenty of interest, though how fast this might be translated into further lettings is doubtful in the over-supplied Brussels market. But given the quality of the space, and the break clauses in Belgium leases, there is talk of some tenants moving out of the older tower blocks and into the Tour Astro. Barclays Bank Trust say they feel there are two distinct markets: from commercial tenants for the top floors (where the first letting is), and from large space users in the form of government or quasi-government bodies on the cheaper space below.

But Barclays admit that even fully let at present rental levels they show a shortfall with costs having escalated to £25m. With the forced sale of Town and Commercial's 23,000 sq. metre block in Avenue Louise imminent, the cost of some of the larger British schemes in Brussels is becoming ominously clear.

CIS accepts break clause

Monsanto's leasing of Telford House, Tothill Street, London, S.W.1, has been a protracted affair, and now that details are announced, the rental terms, agreed many months back, possibly look cheap. There is not much evidence that MLR and the other storms of the local economy are yet halting the investment decisions of major international groups, particularly one like Monsanto, with oil interests, moving to an area which has become very much an oil company centre. Only if one excludes 5,500 square feet of basement, which is usable office space, does the rent on Telford go marginally above £9 a square foot. For the whole 63,000 square feet, the figure falls below £9. Also relevant to rent calculations is the absence of any car parking.

But the Co-operative Insurance Society must be happy enough with a covenant like Monsanto, particularly on a building where it did a funding with Amalgamated Investment and Property, which did a high-quality refurbishment. The CIS has now taken back the lease.

CIS might just have the job of testing the open-market value of the building sooner than the 21-year lease indicates, since Monsanto has a break clause in at the five-year review stage. But this letting (by Bernard Thorpe and Partners, with Henry Davis and Co. acting for Monsanto) is a further example of how the larger blocks in the centre or suburbs of West London continue to let. Thorpe's also acted for the landlords in letting 42,300 square feet at 355 Euston Road to Legal and General at £9 a square foot, and further out there are the big lettings to Sperry Rand and Kellogg Corporation.

This week there was also the news that Maple Macowards has shifted another floor of Maple House, Tottenham Court Road, the 16,125 square feet going to Matthew Hall and Co at the asking rent of £8.50 a sq. foot. Agents Matthews and Goodman appear to have established this rental for the building, since that is also what the Housing Corporation is paying for its three floors. There are two to go, totalling 39,400 square feet. But that still leaves the problem of the ground floor shopping space—a good enough 188 foot frontage, but there is a total of 51,000 square feet behind and the thinking is to take one or two major users—plus 18,000 with showroom usage.

Ex-Lyon men back to industrial development

Lyon Group France, a subsidiary of the failed Ronald Lyon Group Holdings, has ceased trading after a period when Tony Winterton, the former Lyon finance director, has continued to manage the French business with the idea of realising the assets. But while the French company continued to trade normally after the parent went into liquidation, Winterton reports that there will be nothing of consequence left for the liquidator of the British group, Mr. Kenneth Cork. "We just about cleared the books," he says.

Ironically, it was an empty site in central Paris, with planning permission for offices, shops and flats, which made what profits there were. The Avenue Montaigne site, purchased in 1973, was sold at a profit to a French developer for £2.7m. It was rising costs and a slow letting market on two industrial estates which produced losses. One, at Blanc Mesnil, comprising 9,600 sq. metres of completed and let warehousing and a further 8,000 sq. metres of spare land, was sold for £1.5m. The other, a completed warehouse estate at Trappes totalling 7,600 square metres, fetched £1.2m.

Winterton, while managing this bloodless retreat, has also been running his own development company, Abingville Securities, which has done some housing schemes and is now returning to industrial developments. Two other ex-Lyon men, David Potts and Stephen Sewell, have similarly been earning their keep in the winding up of Lyon, managing the completions and lettings on three estates at Tinsley, Sheffield, at Hull and at Bingley.

Potts says their company, DMP Estates, has also found non-Lyon management work on a fee and commission basis, and has now announced what is optimistically described as "the first phase of a £40m. development" at Gapton Hall, Great Yarmouth. That figure is produced on the basis of the worth of 300,000 square feet of industrial and warehouse units on 230 acres.

For the moment, what is established is a private company, Veregate, which owns what was previously farm land, and has planning consent for the first 50 acres. On a design-and-build basis, Potts says rents would be about £1 a square foot for basic shells. He hopes to announce the first 14,000 square feet, pre-let and financed, shortly. Veregate is also interested in selling units. Local agents are Ellingtons.

Boots takes 300,000 sq. ft.

The final phase in letting over 300,000 sq. ft. of warehousing to Boots the Chemists, in that company's own backyard near Nottingham, has been completed by developers Flaxyard. The scheme, at Sandiacre by Junction 25 of the M1, was forward funded by Property Growth Assurance.

Flaxyard bought the site of the former Peter Brotherhood engineering works in 1973 and demolished the existing buildings. Though Boots has now taken all the warehouse space, it did not pre-lease any of it, simply agreeing terms as it needed extra space and the buildings became available. The rents range from 80p a sq. ft. to 85p. An existing office building on the estate is let to the Erewash District Council.

Anthony Lipton and Co. advised Flaxyard on the acquisition and financing and were joint letting agents with Hallam, Brackett and Co. which had acted for the vendors.

Flaxyard has also just bought five sites by Gatwick Airport, totalling six acres, on which it will build 150,000 sq. ft. of warehouses in units varying from 8,000 sq. ft. to 40,000 sq. ft. The long term finance for this, arranged by Lipton, is from Sun Alliance and London Insurance. Peter G. Hirsch acted for the vendor and the purchase was introduced by Donaldsons.

Frankfurt lettings

What the agents claim as central Frankfurt's biggest letting of the year, 6,600 square metres of the Selmi Tower to A. C. Neilson, has gone through. It is still a drop in the ocean against the 370,000 square metres of offices estimated to be empty in the greater Frankfurt area, but John Morgan of Jones Lang Wootton reckons that of the 150,000 square metres of this in the central areas, nearly half is currently under negotiation. While over-supply still looks serious in a city of ⅔m. inhabitants, the wider catchment area is over 2m. and the take-up, even in a poor year like 1975, is reckoned to approach 100,000 square metres annually.

So the prospects in West Germany's banking capital may be improving. Even so, there are plenty of anxious developers (no news yet on MEPC's suburban scheme) and rather more bankers seeking tenants for properties on which they have foreclosed. It is the banks which have been the leading force in maintaining asking rents. Those prospective tenants who assumed that new central space would have to drop to DM16-18 per square metre a month are, says Morgan, finding the banks still holding out for higher figures. Perhaps they feel the tough line is the best recovery policy with disasters like the Hessische Landesbank-Girozentrale to clear up.

The Selmi Tower has been, since completion more than two years ago, probably the best known modern landmark of the city. The developer and owner, Ali Selmi, is a Persian who rapidly became one of Frankfurt's leading developers. This building, his biggest (41,000 square metres) looked in danger of becoming a Centre Point, with no more tenants signed up since the original 4,400 square metres went at completion.

Earlier this year JLW and Industrie-Immobilien Muller of Frankfurt were appointed agents. Morgan says that the market research consultants Nielsen, who have taken six floors, should be followed soon by another floor to an American bank and reckons the whole building will be let by mid-1977. Asking rental is DM22.50 per square metre a month and Nielson is apparently paying fairly close to this.

Selmi Tower, Frankfurt: the end of two years with no lettings.

INDUSTRIAL AND BUSINESS PROPERTY

PAGES 19, 20, 33

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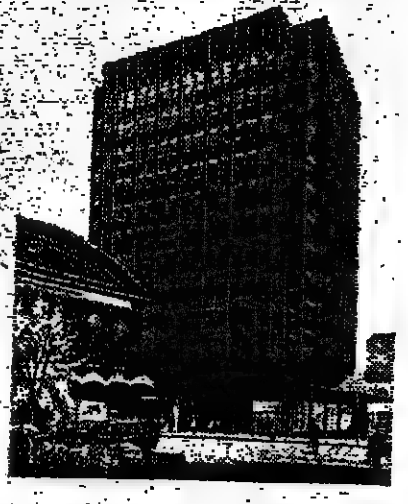

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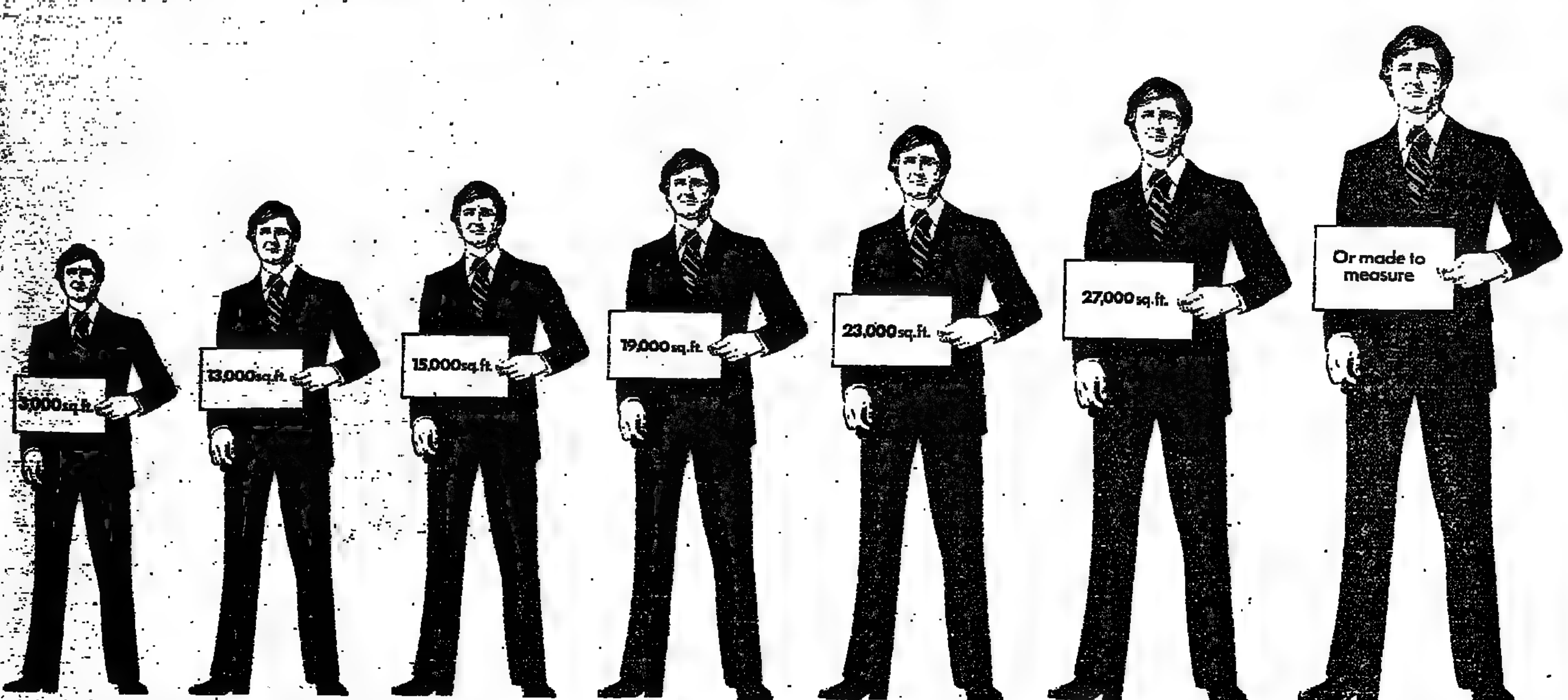

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INDUSTRIAL & BUSINESS PROPERTY ADVERTISING IS CONTINUED TO-DAY ON PAGE 33

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Michael Donne explains how a new structure planned for British Airways denotes significant change in the corporation's management philosophy

Blueprint for a single airline

THE REORGANISATION now in progress at British Airways is more far-reaching than any development in U.K. civil aviation since the formal establishment of British Airways Board itself in 1972, and it reflects a significant change in the airline's management philosophy.

The aim is to expedite the merger of the former BOAC and BEA, begun at that time but which has shown signs of becoming bogged down in recent years by the retention of a divisional structure virtually perpetuating the shapes of the former constituent airlines.

The structure comprises the Overseas Division (BOAC) and European Division (BEA), both of which are profitable — Sir Frank McFadzean, the chairman, who also now becomes full-time managing director, says there are prospects of a "really healthy operating surplus" this year. But there have been signs that this divisional structure was becoming too rigid, threatening to restrict BA's ability to meet rapidly changing conditions in world civil aviation.

Demanding

Sir Frank's *raison d'etre* for the changes now planned (and just approved by the Government) is that "all round the world, the signs are that the commercial environment in which BA operates is becoming more competitive, less protective, more demanding of aggressiveness and efficiency. As it changes, BA must change with it."

The changes will be painful. By abolishing the Overseas, European and Regional Divisions, and replacing them with new across-the-board Commercial Operations, Flight Operations, Planning, Engineering and Catering Departments, Sir Frank says BA will need "less people at the top, and ultimately at the lower levels," although precisely what this means in redundancy terms has still to be worked out.

No-one in BA yet knows just what kind of industrial relations problems will be thrown up by the changes, which have still to be worked out in detail. So far, the trades unions appear to have accepted the proposals with equanimity, but much will depend upon how far they can be worked out with minimum changes to the work-force.

Nor do the proposed changes affect longer-term plans for the introduction of more worker-participation in the overall management function, under the Government's plans for increased industrial democracy in the nationalised industries. While BA has been drawing up its own scheme for some months, this is still not yet ready for submission to either Government or work-force, and does not affect the structural changes now proposed, which are directed primarily at improving the airline's competitive position in the world air transport industry.

Sir Frank McFadzean

The original merger concept, as outlined by Sir Ronald Edwards in his report on "British Air Transport in the Seventies" in 1969, was that of a National Air Holdings Board having financial and policy control over BOAC and BEA, but with those two airlines retaining their individual identities. Sir Ronald went so far as to stress that "there should be safeguards to avoid over-centralisation in the Holdings Board." He said that BOAC and BEA should each have "a considerable measure of operating autonomy," and that while there should be more co-operation than hitherto "all steps possible should be taken to ensure that the individual identities and morale of the airline Corporations are not impaired." He thought that the concept of the Holdings Board would make changes in policy and organisation constitutionally easy to achieve, while keeping "the options open as conditions and needs change."

The task of first implementing the Edwards Report went to Sir David Nicolson, who was appointed chairman of the newly-created Airways Board in 1971. In effect, Sir David's actions followed closely on the Edwards Committee's recommendations. The Airways Board was given complete authority over the finances and policy of the two airlines, and while the separate titles of BOAC and BEA were eventually abolished, the airlines effectively remained intact under the new titles of Overseas Division and European Division respectively.

Even those initial changes met considerable internal opposition from staff whose loyalties still lay with their old airlines. Sir David was among the first to recognise that no matter what legal and financial decisions might be achieved by strokes of the pen, staff integration was likely to be a much longer and tougher matter.

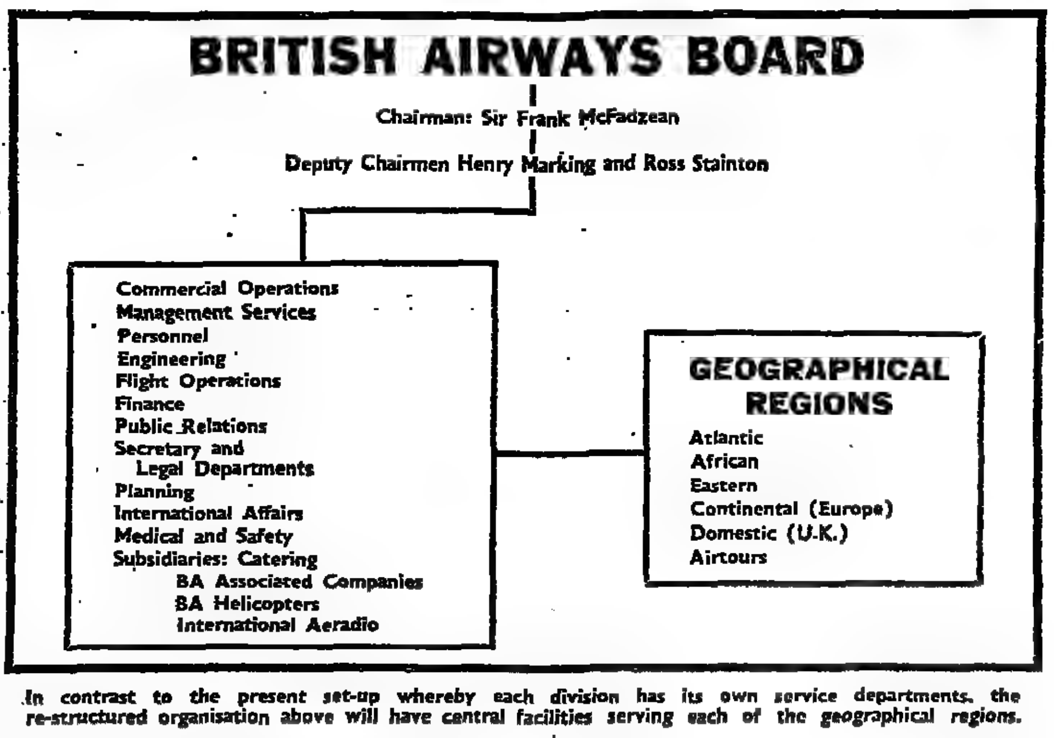
It has proved so to this day. While British Airways has made a strenuous effort to portray the image of a single united airline operation, internally the old loyalties not only have survived — transferred from BOAC and BEA to the Overseas Division and European Division — but also appear to have strengthened. The Airways Board itself virtually perpetuated this situation by the creation of the new Regional Division out of the former domestic operations conducted by Northeast Airlines, Cambrian Airways, Scottish Airways and Channel Airways.

Despite efforts to introduce some measure of co-ordination — through the creation, for example, of a common pilot force, and the integration of all the engineering activities under a new director of engineering — it has become increasingly clear to many inside and outside BA that the divisional attitudes and loyalties were strengthening, not diminishing. The two main divisions were becoming increasingly autonomous, virtually reverting under the BA banner to the old BOAC/BEA situation. Each division had its own committees to discuss very much the same kind of things, such as re-equipment, fares policies, and route structures. Many staff inside the airline still see no harm in what was, after all, what Sir Ronald Edwards had originally suggested.

But some of the top management, and especially Mr. Henry Marking, deputy chairman and hitherto managing director (he now relinquishes this latter function to Sir Frank, but remains deputy chairman), could see the dangers in such a situation being allowed to continue — the long-term reversion, for example, to separate and expensive re-equipment policies; and the increasing duplication of effort, and waste of time and money, through top-heavy management and extensive inter-divisional committees.

The critical moment seemed to come when the European Division found itself with too many TriStars, and the Overseas Division needed more capacity. Immediate industrial difficulties arose over who was to fly the handful of TriStars passed over to the Overseas Division for its long-haul routes. Under a fully integrated airline such a transfer should—and would—have been a routine operational decision, accepted by all and not subject to long-drawn-out inter-divisional argument with attendant industrial relations problems.

Mr. Marking therefore initiated the studies that have led to the current planned reorganisation. A small internal committee, under Mr. Peter Hermon, BA's management services director, prepared the blueprint for the changes. BA argues that the divisional structure was beneficial during the transitional, early stages of the merger. But, it says, there are advantages to be gained, including greater profitability and efficiency, if steps towards further integration are taken now.



In contrast to the present set-up whereby each division has its own service departments, the re-structured organisation above will have central facilities serving each of the geographical regions.

The new structure is intended to create a single airline to which all staff can give their undivided loyalty, with simpler lines of command, the removal of some layers of management, clearer individual responsibilities, and (hopefully) eventual economies in costs and man-power at all levels.

The aim now is to abolish the divisions in favour of a single focal point, called the Commercial Operations Department, under Ross Stainton (currently chairman of Overseas Division and who is to become a deputy chairman of BA) with Roy Watts (chairman of European Division) as his deputy. This will be responsible for allocating the resources of the airline in terms of aircraft and crews to six main geographic regions—Atlantic, African, Eastern, Continental (Europe), Domestic (U.K.) and Airtours.

Each region will be responsible for its own marketing and product planning for passenger, cargo and mail operations in its geographical area. It will assess customers' needs, and decide what to offer in the form of services, routes, flight frequencies and aircraft types. Each region will contribute to formulating overall BA policy and will also bid for the production resources it needs, and these bids will be consolidated by the Commercial Operations Department into a "total commercial requirement" for the airline.

The new Planning Department will balance this commercial, revenue-earning requirement against both the available operational resources provided by the Flight Operations Department (responsible for crews) and Engineering Department (responsible for aircraft), and the cost of producing them, and will decide the best overall annual operating plan for the airline as a whole. The Planning Department will also be responsible for longer-term five-year plans and evaluations of new aircraft types.

In this way, it is hoped the airline will acquire a more functional shape, comparable to the operating pattern of other major world airlines with mixed route patterns similar to that of BA. Peter Hermon's internal committee which drew up the blueprint has now given way to a small organisational development group, which he is running, to master-mind the changes. It is probable that the changes will be felt mostly at the top of the airline, but where possible the aim will be to minimise changes in "winning teams" and avoid unnecessary disturbance at shop-floor level. But, as Sir Frank says, hopefully "all will benefit from shorter lines of communication in what is designed to be a responsive, easier-to-understand organisation.'

CIVIL SERVICE COSTS

£4m. savings with microfilm

A GOVERNMENT department could achieve a saving of over £4m. in the next nine years as a result of switching document storage from a traditional filing system to microfilm, according to the latest issue of Management Services in Government, the Civil Service Department's journal.

The department is the Valuation Office, part of the Inland Revenue, and the savings should arise in a major part of its work. This is the valuation of land and buildings for a variety of taxation purposes and the provision of valuation and negotiation services to Government departments and local authorities in connection with the purchase, lease and sale of land for such purposes as roads, housing, schools and redevelopment.

The microfilming venture, which has been implemented in preference to a central repository for record storage, began with a pilot study at two offices in the North-East, late in 1973. It moved on to an extended study in April, 1974 and developed into a nationwide operation later that year. It is now expected that the job of microfilming all old files will be completed during the coming winter.

A major reorganisation of records of the Valuation Office had been under consideration for some time in the early 1970s but little progress was made until 1972 when reorganisation of local government from 1,300 authorities to 400 was seen as an opportunity for the Office to reduce its own number of local offices from 200 to 174.

The central repository idea was discarded after it was estimated that it could take up to seven years to complete such a reorganisation. Also, requirements for such a system seemed to demand a six-acre site accommodating a total of 100 miles of shelving. This would have to grow by 100 yards a year. The cost of manning, maintenance, supervision and the organisation of the initial removal of files from 200 local offices also presented considerable problems.

Although microfilm was seen as the best solution, the transfer of information from files to film would have taken several years, even using something like 100 cameras. A sample estimate of files in ten local offices indicated that there were around 300m. pieces of paper filed throughout the office network. The outcome was that 200m. pieces of paper were destroyed. All the remaining 100m. pieces related to papers originating after 1963.

Two different types of camera were used in the pilot study and considerable time was spent on briefing staff on the objectives of the study.

A review of the study showed there were no fundamental problems with microfilm, although it was necessary to file separately some plans and maps which were too large to film and it was also found desirable to keep all files on settled business for one year prior to microfilming to allow for any correspondence subsequent to closure of the case to be settled.

Management Services in Government. November 1976, HMSO, £2.56 for four con*secutive issues.*

Business books list

Forecasting for Business: Methods and Applications, by Douglas Wood and Robert Fildes. Longman Group, £6.95. This aims to provide the practising manager or student with the tools and framework necessary to produce a good forecast.

Interorganisational Relations edited by William M. Evan. Penguin Books, £1.75. A cross section of recent work done in this field, divided into five categories including six new theoretical models.

The Private Company in Germany, by Mary Oliver. Macdonald and Evans, Estover Road, Plymouth, £2.50. The full text of the German Private Companies Act is set out in English and German, arranged side by side for easy cross reference, with a glossary and commentary on parts of the Act of particular interest to English company lawyers and businessmen.

The Changing Information Environment by John McHale. Elek Books, 54-58, Caledonian Road, London, N.1, £10. An account of the impact computer technology and telecommunications has had on the individual and his freedom, and on society, education, business and politics.

Business and Society, by Thomas Kempner, Dr. Keith McMillan and Kevin H. Hawkins. Penguin Books, £1. A look at how corporate capitalism, inflation and industrial techniques have broken down older business attitudes, concluding with suggestions for a new political economy.

Decisions, Organisations and Society. Edited by F. G. Castles, D. J. Murray, D. C. Potter and C. J. Pollitt. Penguin Books, £2.25. This is the second edition of one of the set texts for the Open University's course on "Decision making in Britain."

Introductory Economics by G. F. Stanlake. Longman Group, £1.75. The third edition of this book gives far more attention to the role of government, changes in the value of money, and ways of devising counter inflation policies.

The Power of the Group by John Rowan. Davis-Poynter, London, £5. This is the third in the series "Psychological Aspects of Society," and deals with conformity, group conflict and other small-group phenomena, hierarchy and its alternatives in organisations.

Product Planning by Merlin Stone. Macmillan Press, £7.95. The author argues the case for basing product planning on projections of future demand in all markets rather than on existing markets.

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FRIDAY, NOVEMBER 19, 1976

The old lady's corset

THERE is room for a chicken-and-egg argument about which of yesterday's two new measures takes logical precedence. One might assume that the further restriction of the use of sterling as a trading *currency* is a natural accompaniment to the efforts which are being made to interest other countries in the long-term problem of dealing with the sterling balances. Since this restriction on one form of bank lending will leave them with more funds to lend in other directions, moreover, it is natural that some new check on their freedom to lend should be imposed.

On the other hand, the figures *for bank lending last month* were high—so high that the figure for the growth of M3, *due to be published on Monday*, may again turn out to be inconsistent with the achievement of the Chancellor's monetary target. He specifically stated in the House, moreover, that these latest figures "show a continued growth of bank lending which is inconsistent with my objectives for the growth of the money supply." Such a development comes at a highly inconvenient time, since the IMF team are in the country at the moment to discuss the terms for a further loan. Some kind of prompt and decisive action to restrict the growth of credit was therefore essential, despite the success which the authorities have apparently had recently in selling gilt-edged stock.

Interdependent

In fact, the two measures are probably interdependent. The future of sterling apart, its use for financing trade between third countries has been restricted with increasing severity over the years because this is an element—though probably a minor element—in the development of leads and lags in the timing of payments when the exchange rate is already under pressure. The latest restriction will remove this particular form of possible pressure on sterling for the future and bring back into the country over the next few months foreign exchange which is estimated to amount t. several hundreds of millions.

This will increase the domestic lending capacity of the banks, but the increase will be offset by the reintroduction of the "corset" on the growth of interest-bearing eligible liabilities. The recent increase in advances to the private sector may have been partly due to special factors, like the leads and lags already mentioned, "round-tripping," and the drawing on overdrafts to anticipate precisely the sort of tighter squeeze on credit which has now been announced. But a good deal must have been due to no more than the need to finance stocks at steadily-rising prices. Even before yesterday there were reports that the banks were taking a tougher line with customers about increasing advances, and their incentive to keep within the Government's guidelines will now be much keener.

Crowding out

The real *question, of course,* is how far one measure cancels out the other and how far the Chancellor's statement that advances have been growing too rapidly is consistent with his statement that "manufacturing industry should continue to be able to satisfy its needs for funds for investment and exports." The gilt-edged market will welcome this direct action on the growth of the money supply — MLR may begin to come down *to-day* — and *sales* of gilts reduce the need to squeeze the private sector by other means. Moreover, the Bank has retained power to vary or suspend the operation of the corset at its discretion. But there is clearly a risk that industry will now find it more difficult to get the finance it needs, which would be a straightforward case of crowding out. There could not be a clearer demonstration of the urgent need for further cuts in public expenditure.

Wrong remedy for State industries

THE NEDO study of the nationalised industries, published yesterday, is good on *analysis* but *less convincing* on prescription. Its account of the chaotic state of existing relations between Government and the public corporations amply confirms the criticisms made earlier this week by Sir Frank McFadzean, chairman of British Airways. Unless action is taken soon to put the relationship on a sound footing, the performance of this huge sector of industry will deteriorate even further, with damaging consequences for suppliers and the economy as a whole.

Sensitive

According to the NEDO study, it is unrealistic to try to restore an arm's length relationship whereby the Government appoints someone to run a nationalised industry, gives him clear performance targets and lets him get on with the job. "The major nationalised industries' positions in the economy are too strategic and their market power too politically sensitive" for Ministers to refrain from intervening. NEDO recommends a new structure which would institutionalise Government interference, but confine it to the setting of strategic policies and objectives. Each major corporation would have a Policy Council, including senior civil servants, separate from the management Board which would implement the strategic decisions.

This raises several problems. Although the study rejects the analogy with the private sector and refers to the "wider duties and obligations" of the public corporations, it does not spell out what these duties are. Some of them are natural monopolies and necessarily subject to regulation over price, profits and standards of service: but public utility regulation does not require Government involvement in strategic decision-making and is not incompatible with a wide measure of commercial freedom.

Some, like National Bus, are required to provide non-commercial services for social reasons. But this does not apply to British Steel, which competes in the world market against other steel companies. Certainly BSC has market power in a strategic sector of the economy, but so does ICI; it would be hard to *argue that ICI was less conscious* of its social responsibilities than BSC.

To the extent that the failure to make clear strategic decisions is responsible for the present mess, this has more to do with the Government's failure to define and stick to sector policies, especially in transport and energy, than with the corporations themselves. If the Government could make up its mind on transport policy, British Rail's role within it could be worked out. One suspects that if the NEDO structure was adopted, the distinction between strategic and management decisions would frequently be blurred.

The study refers approvingly to the role of civil servants in French public enterprises and to the greater understanding of industrial matters which they have, compared with their *counterparts in the U.K. But it* is not certain that the intermeshing of Governmental and commercial decisions which exists in France is either desirable or feasible in the U.K., with its entirely different civil service traditions. There is a danger that the Policy Councils will turn the State corporations even more into instruments of Government: that, after all, was what British National Oil Corporation, which already has civil *servants on its Board, was set* up to be.

Winning votes

The NEDO study gives in too easily before the difficulties of "de-politicising" the State corporations. Their prime task is to supply goods and services which customers want and to do so as efficiently as possible. They have been unable to do this partly because they have become pawns in the party political game and have been used by successive Governments for vote-winning purposes. Short of de-nationalisation (which is possible in very few cases), the solution will have to await a political consensus that any short-term gains from interference are far outweighed by the long-term damage to consumers and taxpayers.

Adrian Hamilton assesses NEDO's radical recommendations

Whitehall v. the State companies

THE British do not take easily to radical institutional innovations or calls for the need to start completely anew. So it is hardly surprising that the NEDO study on nationalised industries published yesterday has received a fairly cool, if not positively hostile, reception.

Most of the major nationalised industries have responded to its central recommendation—that new policy councils be set up for their corporations to direct and protect the actual management of their businesses—with the argument that this would merely add an extra layer to administrative inefficiency and institutionalise detailed intervention by outsiders. The Civil Service, who have been recommended to come out of their backrooms and sit openly on these councils, have tended to respond more discreetly

What is more surprising is that the members of the NEDO study group which so enthusiastically supported these recommendations included such noted readers of the Whitehall and political winds as Sir Ronald McIntosh, director-general of NEDO, and Sir Kenneth Berrill, head of the Cabinet "think tank," as well as two stern *opponents of government intervention* in Mr. Nigel Foulkes, chairman of the British Airports Authority, and Mr. Ray Pennock, deputy chairman of ICI.

Their reasons emerge clearly enough in a text that is rare among committee reports for the intensity of its criticisms of the way the present system works. Whatever the particular merits of NEDO's central recommendations for structural change, again and again in examining the relationships between government and nationalised industries it comes to the conclusion that the traditional "arms-length" relationship between government and State corporations, and the successive attempts to create clear divisions between commercial obligations and political direction, have failed either to provide an effective business framework for the industries or a satisfactory monitoring system of their activities in the national interest.

It does so for two basic reasons. The first is, as it argues, that the State corporations have now developed such an importance in the economy—as employers, near-monopoly providers of basic services or goods and as the "make-or-break" *orderers of plant and equipment* —that they can no longer be treated simply as private corporations which happen to be in public ownership.

One of the most devastating indictments in the report comes in a separate study by Coopers and Lybrand Associates, the management consultants (themselves with long associations with corporations such as the Post Office and perhaps unduly influenced by the experience). This study asserts the general failure of the guidelines for return and investment set down in the 1967 White Paper to achieve their ends.

The second, and even more *important, reason for the study* group's despair with the present system is the anecdotal evidence it has come across of the state of mutual distrust between those who run the nationalised industries and the civil servants who are supposed to supervise and give a policy framework to the managers.

In spite of the attempts to circumscribe government's ability to intervene through issuing general or specific *instructions: in spite of the* formal procedures for reviewing corporate plans and for regular accounting procedures; and in spite of the more recent moves to create tripartite strategic objectives as in the "Plan for Coal"—the actual relationship between corporations and their sponsoring departments or Ministers has too often degenerated into an atmosphere of mutual suspicion or antagonism. The procedures, the report contends, actually promote a situation in which the civil servants feel *they are being presented by the* corporations with one-option programmes, which have already been decided, and are therefore accepted without proper review, or are meddled with as officials try to comprehend the thinking behind them. For their part, the State *corporations feel they are being* supervised by officials who do not have the relevant competence to understand what they are doing and who are all too often prone to delay and meddle — with disastrous results. Officials moan that they are not given proper commercial information by the corporations to judge the proposals put to them. Corporation executives grumble that they are never given the proper policy information on energy, transport or whatever until policies are finally decided and thrust upon them—wrecking their pricing or investment programmes.

The antagonism can be exaggerated. There are exceptions. The report itself picks out the aviation corporations and their relations with the Department of Trade as a singular example of what can be achieved in the way of melding policy and commercial interests at an early stage, and achieving close relationships with relatively few but well-versed civil servants.

Many of the conflicts owe as much to particular personality conflicts as to any procedural or structural weakness. The British system for the nationalised industries places considerable emphasis on the character of the corporation chairmen and their personal dealings with Ministers and officials. If Sir Arthur Hawkins' contract at the CEGB has not been renewed, and if both Sir Monty Finniston and Sir Richard Marsh have now left *the public sector, it was at least* partly because they had lost the *confidence of officials in their* sponsoring departments as well as the confidence of Ministers.

But even in those cases such as air and gas, and more recently coal, where relationships have been better, there is no guarantee of success. The situation for air owes much to the particular outside pressures *of international aviation agree*ments which make necessary a close co-ordination of policy and commercial interest at the start. But even here, Mr. Michael Heseltine's period as the Conservatives' aviation Minister saw continuous and sometimes serious conflict, while the appointment of the more abrasive figure of Sir Frank McFadzean could herald changes in climate.

For the most complex, and perhaps the most central, nationalised industries—such as rail, steel, post and telecommunications and electricity —it is difficult to see the history of the last ten years except in terms of continuous, if cyclical, bouts of dramatic and damaging intervention and conflict between Government and industry.

In British Rail's case, the extraordinary weight of Civil Service supervision has only been matched by the number of reviews this has encouraged and the failure of the 1974 Railways Act to give the industry long-term guidelines. In British Steel's case, the Board produced a *long-term strategy in 1973* precisely to ensure that early debate would enable it to get on with its investment without further interference. Instead, each individual decision has raised the debate about the fundamentals of the strategy yet again, with effects as undermining to the supply industries as to the Corporation itself. The Post Office's problems with investment, returns and service are now notorious, and once again *changes in business climate have* led the Corporation once more into dramatic changes in ordering, with potentially disastrous results for the supply industries dependent on it. The electricity industry, and to some extent coal, have long been harassed by changes in broader energy decisions, and by pressures brought about by such quite separate issues as the political importance of the miners or nationalism in nuclear design.

In tackling these questions, the report exposes—but does not itself examine—much wider issues, which affect not just the nationalised industries. One is the existing political framework and the extent to which the adversary nature of the U.K. political scene can ever allow long-term continuity of policies in sensitive areas such as State corporations. Another is the degree to which the training and recruitment of civil servants can produce the kind of official who can review investment and financial programmes, on a policy council or off it.

The most frequent complaint among State, as among private, corporations is about the experience and attitudes of officials in their sponsoring Ministries, and the high-turnover of senior civil servants in any one post. The system of picking young "*high fliers*" in Whitehall and moving them about may broaden their own experience, but does very little to encourage a constructive relationship between industry and government at the day-to-day level. Nor does the training of civil servants encourage development of officials capable of commercial review of business operations.

Whether NEDO's proposals for a split structure between a strategic, multi-representative council and an executive board is necessarily the best, or a workable, solution to the problems of intervention is a separate issue in itself. The *Neddy Office* may be naive in thinking *that* the formal assembly of minds necessarily brings consensus or prevents informal intervention by the back door. And it may be wrong in not defining and considering alternative options to suit the quite different circumstances of corporations.

By avoiding the thorny issue of the relative efficiency of the nationalised industries, the study may also underestimate *the relationship between results* and interference. Although difficult to prove, there is at least an argument for believing that those corporations like British Gas suffering the least intervention are those which are best managed, while those suffering the most, such as posts and rail, could be accused of being the worst managed—although cause and effect might be argued the other way.

But then corporations, such as the Coal Board and National Freight, which argue that the primary need is for firmer and more stable policies on energy and transport in general, may be equally naive in thinking that such a political framework was, or ever will be, possible in the British environment. Nor is there any reason that good relations for any corporation now guarantees good relations in the future. Nationalised industry chairmen *may be happier as a* result of recent Government withdrawal from price intervention, and they may be happier still if they get better salaries. But there is nothing in the present structure to prevent all the troubles of the last few years occurring again.

The success or failure of NEDO's suggestions may in any case rest more on circumstances than the logic of its case. NEDO's major reinforcement may come from the Bullock Committee and internal Whitehall investigations into union participation in forcing structural change. Its major obstacle could well be simply personalities again. Although some, like the heads of the British Airport Authority and National Bus Corporation, may favour it, *others like National Freight* remain neutral. The greatest problem of the report is its timing—just as a series of new appointments have been made. Personalities such as Sir Frank McFadzean, of British Airways, Denis Rooke, of British Gas, and Peter Parker, of British Rail, have taken the jobs precisely with the intention of combining the strategic "presidential" role with that of chief executive. Neither they nor the Civil Service are keen to see it changed so soon. Politicians are meanwhile no more eager to see further parliamentary legislation and debate on their civil servants.

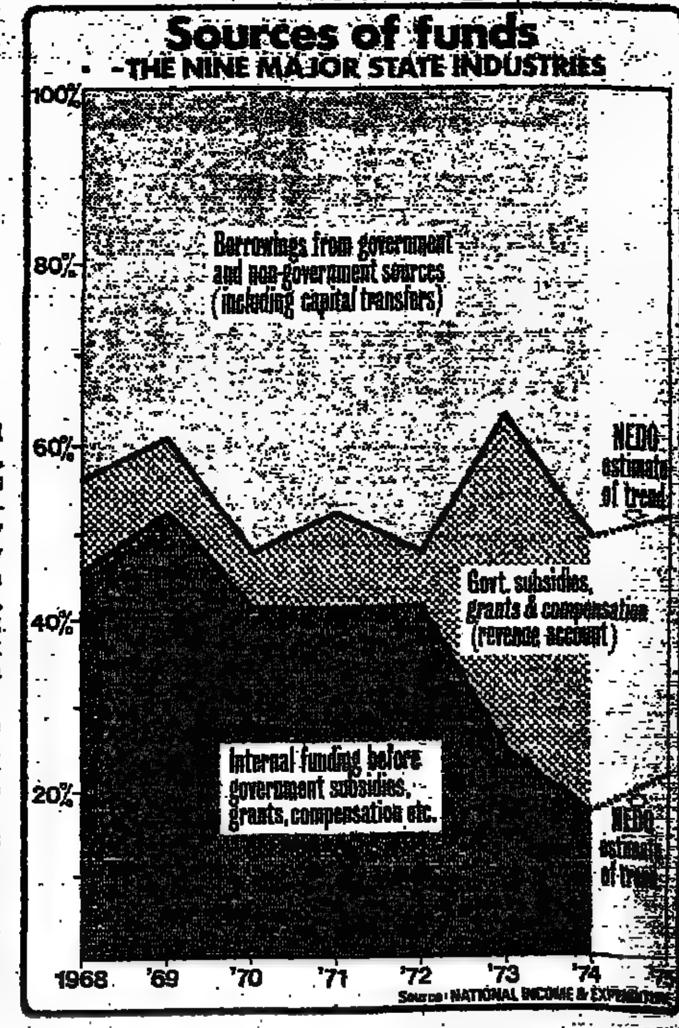
The NEDO study's importance, indeed, may lie less in its success in getting change implemented than in changing the course of debate. Whatever its faults, it has drawn the civil servants into the centre of the debate, where they should be. It has also made it virtually impossible for anyone to assume that the problem is not deep rooted, and one which will not simply go away when corporations start to make profits again. It has demanded of corporation chiefs as well as politicians and officials that they define again the purpose and role of State industries rather than assuming that they are private corporations with a single shareholder which happens to be the State. And in irritating both corporations and government at the same time, it has managed to ruffle just the sort of consensus complacency of which NEDO itself is so often accused.

THE IMPORTANCE OF PUBLIC CORPORATIONS IN THE ECONOMY

PERCENTAGES OF U.K. TOTALS

	Output	Employment	Fixed Investment
British Airways	0.3	0.2	0.4
British Gas	0.8	0.4	1.7
British Rail	1.2	1.0	1.0
BSC	0.8	0.9	2.0
Electricity (England & Wales)	1.5	0.7	2.9
NCB	1.5	1.2	0.9
Post Office	2.8	1.8	4.5
National Bus	0.2	0.3	0.1
NFC	0.2	0.2	*
Nine major nationalised Industries	9.2‡	6.7‡	13.6‡
Other nationalised industries	0.4	0.2	0.8
Other public corporations	1.4	1.1	4.6
Total	11.0	8.0	19.0

** Less than 0.05%.*
‡ Individual shares do not add up to the totals because of rounding.
Source: Central Statistical Office.



MEN AND MATTERS

CWS takes cover

Difficult this week to ignore the related topics of money and the Royal Family. Yesterday I disclosed that the Queen was calling in at the new City headquarters of the family accountancy advisers, Peat Marwick Mitchell; then the Co-operative Wholesale Society announced the curious fact that it has taken £1m.-worth of insurance on the lives of Her Majesty, Prince Philip, and two of the Royal children.

Arguably, the CWS yesterday was introducing one of the biggest publicity gimmicks seen in a long time. Next year for eight months, Co-op stores will feature a succession of special offers and competitions tied to the Silver Jubilee. Doubtless the Jubilee will produce a multitude of sales-boosting ideas of greater or lesser originality. Having decided its effort was worthwhile, the CWS had to take the hard-headed decision on insurance.

The promotion itself is costing over £1m. More than 100 of its suppliers are helping to carry the cost of the "biggest event in retailing history" and the cost of all the special stock complete with Jubilee markings and so forth is put at £6m.

So the CWS went ahead with insuring members of the Royal Family to cover itself in case anything should prevent the Jubilee going ahead, as CWS people put it delicately. When *first proposed, the CWS half*-suspected it was on treasonable ground, but found this was not so.

One fact the CWS event yesterday underlined was that the Lord Chamberlain's Office is in for a busy 1977. The office has to approve all replicas of Royal "devices" used commercially. Such replicas are usually sacrosanct, but the ban was lifted this week until next October for the Jubilee celebrations. What the Lord Chamberlain thinks of Co-op competitions to win silver mini cars or replicas of the crown jewels is unknown. A man from the office declared that only "a background role" would be played; nothing beyond approving nods.

But were there no hints of republican opposition among any of the 200-plus Co-op retail societies? Peter Gray, food division controller, said that some societies did occasionally disagree with nationwide plans for one marketing scheme or *another*, but the Jubilee plan went through without a whisper of dissent.

"A bit more to the right!"

Austerity on the terraces

The Andreotti Government which has promised "nothing but austerity for all" to try to lift Italy out of its worst-ever recession, thought it only logical to prevent live TV coverage of Wednesday afternoon's world cup clash with England. Ministers reasoned *that simultaneous coverage of* the event on the state television service would guarantee a mass exodus from work, hardly the recipe for beating the recession, and anyway that the fans who could not make it to the all-ticket game would be happy to watch a ball-by-ball telecast over supper.

Presumably they were, but not all of them: Milan's *Corriere Della Sera* reported yesterday that the 90,000 gate for the first-*leg clash included four Italian* Ministers, seven Under Secretaries and no less than 298 Members of Parliament.

Goldman Sachs after Levy

The death of Gus Levy, one of Wall Street's most powerful figures, politically as well as financially, is naturally a turning point for the Goldman Sachs group which he headed. The break with the past for New York's biggest and most aggressive investment banking house has also been emphasised by the fact that the firm is now headed by co-chairmen who seem to be in a very different corporate mould. Levy and before him Sidney Weinberg had in the 1950s transformed the *company from a trading house* into one of the best known investment houses involved in raising literally billions of dollars for corporations, cities and states in the U.S.

Last year alone the figure was $16bn. In strict financial terms the succession in the form of John Whitehead and John Weinberg as co-chairman does not, they point out make much difference to the company's structure. No partner is allowed more than 10 per cent. of the company so there is no weakening of its finances when a partner drops out.

Levy joined a Wall Street brokerage house in 1927, but avoided losing money in the great crash, as he himself recalled, by omitting to have any to lose. Now the age of individualism at Golman Sachs is probably over. His successors appear in the less flamboyant tradition of U.S. business, and even manage a *bipartisan* approach: Whitehead voted for Ford in the recent election, in the footsteps of his late boss who was one of the Republican's biggest fund raisers in New York, but Weinberg voted for Carter.

The changes perhaps befit a company which has reached the size of Goldman Sachs. They seem to share similar goals for the company, one of which is clearly to build up its position in international finance, a sector where the firm has recently been seen recruiting from its rivals. Neither however seems to have the appetite for high *politics that Levy demonstrated* in his active support of campaigns by Governor Rockefeller, Richard Nixon and latterly Gerald Ford. But that too is well in tune with the more cautious approach which the business community is taking towards direct political involvement in the wake of the revelations about Watergate.

Uncertainties

Did you hear about the zoo monkey who learned to read? First he read the Bible, then he read The Origin of Species. And now he cannot decide whether he is his brother's keeper or his keeper's brother.

Observer

مكبرا من الاصل

BY DAVID WATT

The realities of reds-under-the-bed

IT IS one of life's great truths that not everyone who sees little pink mice climbing up his bedroom wall has necessarily been over-indulging in spirituous liquors. The mice may well have escape from a neighbouring circus. By the same token the wise psychiatrist (if such exists) should hesitate before committing to the bin the man who appears to have persecution mania. He may actually be being persecuted—and there is nothing like it for producing the necessary symptoms.

It is just as well to bear this fact in mind as one contemplates the latest "reds-under-the-bed" campaign. Many questions doubtless spring to the sceptical mind when some enthusiastic Conservative right-winger claims to have glimpsed a Cossack boot peeping from beneath the counterpane. How long has it been there? Is its occupant dead or just sleeping? Why hasn't anybody mentioned it before? Is it really likely that, in a centrally-heated bedroom, snow should still be visible on the instep? And so forth. But scepticism is not enough. The basic fact may be correct although the surrounding arabesques of motive and fancy are dubious.

So what is the truth about the state of affairs to which Mr. Ian Sproat and the Social Democratic Alliance (together with sundry helpers from all quarters of the political globe) have recently been trying to draw attention? It is impossible to answer this question without a certain amount of historical perspective. As Mr. Heath remarked in his rebuke to the Conservatives on this question yesterday, the view that a number of Labour MPs are basically Communist is an "old-fashioned" one. This does not necessarily mean that it is untrue, but it does suggest that there is nothing particularly new about the situation described.

The fact of the matter is that Marxist socialism in a virtually undiluted form had been one important strand in the Labour Party—whether inside Parliament or outside it—since the foundation in 1900. Labour was from its inception a coalition of non-political trade unionists, moderate radicals, and left-wing doctrinaires. One of the initial components of the Party (holding two seats of 12 on the executive) was the Social Democratic Federation—an explicitly Marxist group; and while the SDF formally retired soon afterwards on the grounds that the Labour conference would not embark upon an immediate class war, the tradition remained very much alive throughout the early years.

The success of the Bolshevik revolution brought the Party to an important formal landmark in 1920, when the newly formed Communist Party of Great Britain applied for affiliation to Labour in 1920. The application was turned down on the insistence of the non-Socialist trade unions and subsequent attempts by the Communists to infiltrate the Party at the grass roots were similarly resisted. Nevertheless the Marxist tradition still flourished—to the extent that in 1927 the National Executive was obliged to disown 23 constituency Labour Parties, including 15 in the London area, because the Communists had taken them over. Even these draconian measures might not have been enough to stem the tide if Moscow had not reversed its policy in 1928, abandoning any idea of a "united front" and denouncing Labour as "social Fascists."

The subsequent history of the Labour Party has been a roller-coaster of Communist gains followed by panicky but effective defensive measures from the trade unions and the Party Establishment. The rise of Fascism and the Spanish Civil War (both very good for Communist recruitment) were followed by the expulsion of Stafford Cripps, Aneurin Bevan and other "Popular Fronters" in 1937. The Russian wartime alliance and Communist penetration of the unions in the immediate post-war period were followed by reaction at the end of the 1940s and early 50s with upheavals in the transport workers', the miners' and the electricians' unions.

There is no question but that radical Marxism had a period of resurgence in this country between, say, 1968 and 1974. The effects of the Vietnam War on student opinion and hence on the situation in some Labour Party constituencies was delayed, but profound. On the industrial side the concurrence of a difficult period of inflation, two governments who could plausibly be presented as being "anti-union" and the arrival at the head of several important unions (largely by a Buggins-turn process) of some powerful left-wingers, produced a climate favourable to the growth of militancy. The point at issue is whether this advance has been more permanent and significant than previous ones.


Mr. Ian Sproat (left) and Mr. Stephen Hascler, secretary of the Social Democratic Alliance (right): catching sight of the Cossack boot.

In terms of the attitudes of Labour Members of Parliament (which is what Mr. Sproat has been talking about) it is hard to see that anything has changed very much—at any rate so far. The spectrum of Labour representation includes, as it always has, a handful of out and out Marxists, a rather larger group of rather woolly minded eclectics who could be called *marxisants*, and a still larger group of more or less radical, native-grown Socialists in the tradition of Owen, or Morris, or the Chartists or the pacifists or any number of other and lesser breeds. Taken all together, they probably do not amount to more than a quarter of the PLP—a proportion which cannot have varied very much for the last 40 years. To discover that half a dozen of this crew wish to "turn Britain into the equivalent of a totalitarian East European state" is not exactly a blinding flash of revelation. Nor, in itself, is it very alarming.

When one turns outside the House of Commons the scene is more complicated. The constituency parties as a whole have always tended to be dominated by the activists, the majority of whom are apt to believe in prescriptions at the leftward end of the Social Democratic spectrum or beyond. Nationalisation, high social welfare and radical income redistribution have been their staple fare for many years, and if they appear more "Socialistic" in these beliefs than heretofore, that is mainly because events have moved against them—increasing their frustration at the same time as demonstrating the inherent difficulty of bringing this old-fashioned Utopia into being.

In a considerable number of constituencies, particularly those containing universities or polytechnics, the attack on gradualism has been sharpened by an influx of more radical Left-wingers of a younger generation. In some constituencies this has been part of an orchestrated attempt by Trotskyite groups to infiltrate the Party. In perhaps 20 or 30 constituencies (a number of which are in London) this attempt seems to have made some serious headway. But as yet these developments have not had a serious effect on the balance of the Party. The constituencies have elected Left-wingers to the National Executive since 1952, but they have continued to select candidates for Parliament, most of whom are far more centrist than they are themselves. If this selective balance continues and if the trade unions can provide a counterweight to the Left on the EEC, the chances are that the Labour Party will remain social democratic (that is, committed to the mixed economy).

The outcome, as I argued last week, depends mainly on what happens in the unions over the next three or four years. If their leadership continues to swing back towards the centre, it is hard to see how the Left can make much headway, for they dominate the conference, the NEC, and even—if they can be bothered to turn out in strength—the individual constituency parties. On the other hand if they are infiltrated themselves, or choose to opt out of the Labour Party trouble altogether, then the outlook is very different—particularly in the context of a Labour election defeat. The present left-wing majority in the conference and the NEC, if continued, will simply allow the left-wing relatively a free hand both in the making of policy and the disciplining and selection of MPs.

It will be seen from all this that one can certainly write a scenario in which the Labour Party and, indeed, the Labour Movement, is officially taken over in the end by a far more radical socialism than the public at large (let alone Mr. Sproat and the SDA) would countenance for a moment. One can also feel considerable disquiet about the effect on industrial relations and the future of British industry of left-wing progress in the unions. But it is wildly simplistic to suppose that because a few MPs have been dallying with "popular front" tactics and appearing on Communist platforms that this is evidence of a new advance by the "old enemy within." Most of the "trouble" comes from the Trotskyites who are at daggers drawn with the CP, or from left-wing Socialists who are profoundly hostile (with whatever degree of self-deception) to totalitarianism.

In short, the situation needs careful watching and much hard work from the moderates within the Labour Movement, but it cannot justify hysteria. The Conservative Party, by its outburst, shows either the high degree of cynicism that Mr. Heath evidently diagnoses or else, as I suspect, a deeper malaise. In periods of acute frustration the left-wing mind takes refuge in revivalist fantasy; the right-wing mind resorts to paranoia.

Letters to the Editor

Glib talk of scroungers

From Mr. S. Mortimer

Sir,—It is incredible that a Minister fresh into the Social Security field is seeking to tax a person drawing unemployment benefit.

The crux of the situation is that in order to obtain unemployment benefit a person is out of a job and must register for a job, and the 1.5m. people out of a job are, I consider, entitled to regard themselves as the victims of and not the beneficiaries of the social welfare state. So why the witch-hunt and loud-mouthing against those who are unfortunate in having to face the indignity and hardship of being unemployed?

Those MPs and others who are not normally affected by the "dust of the arena" who glibly talk of scroungers should themselves take heed of their own image in the looking glass of public opinion, and thereby set an example before pontificating on those less fortunate people. A short term un-taxed cash benefit to a person who has no job and no prospect of paid holidays and private pension rights for the period of unemployment is hardly analogous to the long-term benefit of index-linked pension paid to MPs and other privileged members of the community.

Mean "party tricks" by any Government do not impress the electorate at large.

S. A. Mortimer.
19 Devitt Close, Ashtead, Surrey.

Taxation of benefits

From Mr. J. Harrison

Sir,—Perhaps a simple and just compromise solution to the problem outlined so well by Colin Jones (November 17) would be to have all benefits (other than pensions?) treated as tax paid at basic rate. This would obviously reduce the tax rebate level payable to newly unemployed persons. In subsequent adjustment to benefits their new status would hopefully be taken into account.

John Harrison.
Regal Lane, N.W.1.

Public sector pensions

From Mr. A. Furse.

Sir,—As expected, the general secretary of the Institution of Professional Civil Servants has been unable to name a single fully indexed pension scheme in the private sector. I am sorry to say however, that it appears that he soon will be able to—the Trustee Savings Banks. Notices to staff have confirmed that when this organisation leaves the public sector later this year, their right to indexed pensions under the 1971 Act will not be withdrawn. It is an interesting thought that the Government guarantee which will presumably have been given the TSB to cover this open ended liability will represent the first extension of this public sector privilege to a private group. The Post Office having a monopoly didn't get such a guarantee but it can—and does—charge what it likes: the TSB has to compete with banks and building societies.

I can't help wondering whether the TSB scheme includes the concept of notional final salary, which is understood to be a feature of the new University pension scheme. Under this, retiring Dons are said to be able to look back over the 12 years prior to retirement and choose the salary paid to them in any one of these years as a base. This base salary can then be cumulatively indexed up (inflated?) in line with the retail price index for all the years between the date of this base salary and the date of retirement, and their pension can be based on this revised figure.

Someone retiring in 1977 therefore could choose his 1970/71 salary of £5,900, apply the 1971/76 R.P.I. increase of over 100 per cent, and base his pension on a figure of £12,000+ rather than the £8,500 which might well be the true figure.

If this is the case, it seems indefensible, and drives a retrospective coach and horses through the squeezes and pay freezes of the past 12 years—right back to 1964 and the matches and the 14th Mr. Wilson.

It would be the ultimate insult to the self employed with their 15 per cent. limit and maximum restrictions on the contributions in any one year. How could they be refused a similar facility—and tax exemption on the difference?

A. W. Furse,
Nerquis, Mold, Flintshire.

Housing farm workers

From Mr. J. Dixon.

Sir,—All parties concerned are agreed that the result of the Bill now going through Parliament will be to increase the demand for council houses for farm workers. Before the final vote those involved might like to reflect on two current problems *on this farm.*

The ex-wife of a member of my staff, whom I have housed for some 18 months, is very anxious to leave the district. I have tried hard to find her a council house but to no avail. The only way in which I can make it possible for her to leave is to evict her. This is distasteful for us both and degrading for her. Under the new act I believe that I may not be able to evict her, in which case the council will have no obligation to find her a house. She will then be forced to live in close proximity to her ex-husband for the rest of her life.

On a recent visit to carry out an audit, the Inland Revenue officer stated that if a farmer pays the rent on a council house for a member of the staff it will be taxed as a perk. The provision of a free house is not so taxable.

It seems, that in both these cases the Bill is against the interests of those who it purports to protect. It is not yet too late to stop it.

J. D. E. Dixon,
Dixon Farms.
Scotland House, Ingoldsby, Grantham.

Who owns a company?

From Mr. K. Hiscock.

Sir, — Mr. Michael Greener (November 15) appears to be confused in his own mind about the exact difference between "shareholders" and "punters" while at the same time accusing Mr. Ivens of confusion between "owners" and "shareholders."

He compares a shareholder's "property rights" with the lone punter's ownership rights in the horse he backs. Disregarding the fact that a punter bets for the fun of the risk, while the shareholder tries to minimise the risk he faces, I would like to ask whether the "lone punter" ever considers himself a part-owner of the horse. Does he go up to the victorious jockey, owner and trainer of the horse he has backed to ask for his percentage of the winnings in respect to his proportion of the capital? No; his is a separate contract with the bookmaker. — it has nothing whatever to do with ownership! But the shareholder has a right to a proportion of the firm's distributed profits.

The Board of directors, which Mr. Greener believes to be a "self-elected and self-perpetuating oligarchy," may decide to retain some of the profits for further investment then the profits of this investment will be distributed to shareholders in the future. Should there be any losses, then the shareholders have to bear these, too, by losing potential income and possibly some of their shares' capital value. If a horseowner goes bankrupt, does he go round asking punters to pay their slice of the losses?

Mr. Greener talks of the "average shareholder" as having no influence in the election of the Board. I presume he is referring to the "small shareholder," since the "average shareholder" in a British company is likely to be a large financial institution, which will have very great influence in such elections. Perhaps Mr. Greener would find his target if he considered the "oligarchies" of Government-appointed directors, like those of BP. Surely the other shareholders are being unfairly treated by an organisation which owns only 49 per cent. of the share capital permanently! I would be the first to refer this to the Monopolies Commission; unfortunately, the Government has a monopoly on such matters as the Commission's brief. As for the "small shareholder," there is absolutely nothing to stop him from selling his shares if he dislikes the Board; the Government will not allow us to do the same with their "public interest."

As for Mr. Greener's attempted accusation that shareholders are only interested in the chances of making a profit, I would just like to add my agreement and say how glad I am that this is the case. Do workers turn up for work with any other motive? Unfortunately, shareholders are not allowed to reap the profits which are needed for investment in Britain to-day!

Keith Hiscock.
Christ Church, Oxford.

What students study

From The Director, Central Services Unit for University and Polytechnic Careers and Appointments Services.

Sir,—While not wanting to challenge the basic concepts of Mr. G. A. Allen's letter (November 17) the figures he quotes for students at British Universities in 1975 are not correct.

The figure of 162 given for those studying production engineering is the total of men and women graduating from U.K. Universities with first degrees in the subjects for that session. The corresponding figures for medicine and Welsh and Celtic languages are 2,573 and 74 respectively.

H. B. Pitt.
Crawford House, Precinct Centre, Oxford Road, Manchester.

Under the Greek flag

From Mr. H. Hadjipateras.

Sir,—I was interested to read (November 10) that Britain has maintained her position as the world's third largest merchant shipping fleet behind Liberia and Japan, as per Lloyd's register of Shipping Statistical Tables 1976. What was even more interesting reading, however, and in fact the reason for this letter was the news that the Greek flag has, according to your article, lost her status as being a traditional flag nation and become a flag of convenience. I cannot believe that such information was obtained from Lloyd's Register and I feel that, being involved in maritime affairs myself, as my family is and has been for many years, I must point out that Greece is one of the oldest maritime nations in the world and didn't just spring out of nowhere as did, for example, some other flags not very many years ago.

Greek flag vessels are subject to very stringent controls, regulations, maintenance and high standards and the fact that the Greek fleet has grown so quickly in past years is more fairly attributable to operators' enterprise and experience passed down from generation to generation, in addition to their inherited flair, rather than anything else.

Harry C. Hadjipateras.
c/o City Shipbrokers Ltd.,
38-40, Featherstone Street, E.C.1.

Retailers and audio prices

From Mr. A. Banford.

Sir,—The radio and electrical business will need to tread very carefully in the increasingly controversial debate over the merits and demerits of maintaining recommended retail prices. If it is abolished, as many retailers want, then consumers simply won't have a clue what products are worth and what value a manufacturer has put into them. Moreover, it will almost certainly lead to unscrupulous claims like: "Popular price £319: our price £89.50."

There may be some pretty heavy and confusing price cutting at the moment, but at least the person-in-the-street has something to relate prices to. With RRP gone it wouldn't take long for us to be bartering like shoppers in an Arab souk, with everyone boasting of getting a better deal than their neighbours. In the long run this would be very damaging to retailers because they would lose their credibility with the public. Fierce competition on prices with absolutely no basic guidelines would make the whole industry look disreputable. What's more, it would almost certainly lead to a fall-off in sales.

The debate has arisen, of course, because small retailers are increasingly afraid of the buying power of the multiples and the giant discount houses. Their argument? That price cuts are now so huge that actual selling prices often bear little or no resemblance to the manufacturers' recommended prices. The only way they can compete, they claim, is to make equally large price cuts. I disagree: and so, I believe, do many other manufacturers.

What these retailers are completely overlooking, of course, is that TV, audios and a large range of electrical appliances are not simply sold on price. If they were, then I believe small and medium-sized retailers would attract more sympathy than they are getting at the moment. The very fact that consumers are perhaps more aware than they have ever been of good service is ample evidence that the trade can compete with the large discounters. All they need to do is to provide a really thorough specialist service: something that discounters cannot possibly provide because of the very nature of their business.

Another important factor that is being completely overlooked by traders is that the manufacturer is the only one in the chain capable of assessing what is a reasonable price for the product. Retailers simply don't know the cost of design and materials, of the capital investment involved and of the labour content.

Arthur Banford.
Fidelity Radio.
Victoria Road, N.W.10.

To-day's Events

GENERAL

Duke of Edinburgh visits Greater Manchester.

European Parliamentary session ends, Luxembourg.

Negotiations continue between EEC Commission and Norway on reciprocal fishing agreement, Brussels.

Sub-Committee B of Select Committee on Nationalised Industries ends visit to U.S. and Japan undertaken as part of its inquiry into British Steel Corporation.

House of Keys elections, Isle of Man, second and final day.

Lord Thorneycroft, chairman, Conservative Party, speaks at Cambridge University Conservative Association meeting.

Mr. Michael Heseltine, Opposition spokesman on industry, addresses Conservative Associations at Nuneaton, Birmingham and Stourbridge.

Sir Robin Gillett, Lord Mayor of London, attends Coopers' Company dinner, Mansion House.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of Lords amendments to Bills.

House of Lords: Rent (Agriculture) Bill, Commons message. Public Lending Rights Bill, consideration of Commons amendments.

COMPANY MEETINGS

Bird (Africa), 37, Queen Street, E.C., 11.30. Fitzroy Investment, Connaught Rooms, W.C., 11.30. Pontin's, 20, Aldermanbury, E.C., 12.

OPERA

Royal Opera perform Cosi fan Tutte, Covent Garden, W.C.2, 7.30 p.m.

English National Opera productions of Cavalleria Rusticana and Pagliacci, Coliseum Theatre, W.C.2, 7.30 p.m.

MUSIC

Los Angeles Philharmonic, conductor Zubin Mehta, play works by Ives (four orchestral pieces); Mozart (Sinfonia Concertante in E flat, K.364); and Mahler (Symphony No. 1 in D), Royal Albert Hall, S.W.7, 7.30 p.m.

Bach Choir and Royal Philharmonic Orchestra, conductor David Willcocks, with Richard Popplewell (organ) and Alfreda Hodgson, Jennifer Smith and John Shirley Quirk, give Brahms Concert: "St. Antoni" Variations, Op. 56a; Alto Rhapsody; and Requiem, Royal Festival Hall, S.E.1, 8 p.m.

London Bach Orchestra, conductor Martindale Sidwell, play music by Purcell, Vivaldi, Bach, Mozart, and Haydn. Queen Elizabeth Hall, S.E.1, 7.45 p.m.

Richard Rodney Bennett and Susan Bradshaw play music on two pianos by Ravel, Giles, Swayne, Cole Porter, Debussy, and Gershwin. Purcell Room, S.E.1, 7.30 p.m.

COMPANY NEWS + COMMENT

Land Securities six months advance

TOTAL GROSS income of Land Securities Investment Trust for the half year to September 30, 1976, rose from £26m. to £28.06m., and income on completed properties before tax increased from £8.01m. to £9.34m.

Stated basic earnings are 2.79p compared with 2.45p. and fully diluted 2.6p against 2.25p. The interim dividend is unchanged at 1.5p net per 50p share. Total last year was 4.322p from pre-tax income of £17.57m.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
Total gross income	28,062	25,997	54,026
Net rents	20,178	19,359	39,615
Interest	10,842	11,346	22,045
Income before tax	9,336	8,013	17,570
Taxation	4,855	4,167	8,067
Available	4,481	3,846	9,503

† Includes £2,528,000 (£501,000) interest receivable on deposits.

Comparisons have been amended to give effect to changes in accounting treatment of certain properties.

Amounts offset by a transfer from capital reserve for the period are £2.4m (same) in respect of net *outgoings after tax attributable to* development properties, and £6.41m. (£5.87m.) in respect of *unrealised exchange loss on U.S.* dollar loan.

● comment

Land Securities pre-tax profits are 16½ per cent. ahead at the interim stage but beyond that it is saying little. Gross income is up 8 per cent. despite the £95.5m. of *property sales last year, and the* £7.7m. provision on the $80m. loan (compared with attributable *profits of £4.5m.) underlines* the group's continued exposure on this score. Though it had agreed to sell £23.7m. of properties at the end of March no indication is given about the size of disposals in the first half (or the terms agreed). However, judging by the interest received on deposits the group still has cash balances of around £45m. and appears to be having no difficulty funding its £46.2m. of capital commitments. *Contrary to previous statements* no mention has been made of a dividend increase at the year-end, *nevertheless the shares closed 3p* higher at 125p where the yield is 5.3 per cent.

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INDEX TO COMPANY HIGHLIGHTS

Northborough winding up

Northborough Investment Trust is going into voluntary liquidation. The Board says that having *considered the financial position of* the company it was decided that there was no alternative. An EGM is to be convened to consider the resolution that by reason of its liabilities the company cannot continue its business and that it is advisable to wind up, appointing Mr. Stanley D. Crawford liquidator. Steps are to be taken to convene a meeting of creditors.

Rexco in the red at halfway

REFLECTING THE reduced activity in all group companies, particularly NCC Rexco, National Carbonising Company reports a turnround from a profit of £103,000 to a loss of £52,000 from *continuing business in the half* year ended September 30, 1976, on a turnover virtually static at £10.76m. against £10.27m.

Mr. Edward Davies, chairman, explains that the exceptional weather had a marked effect on domestic sales of solid smokeless fuel, and merchants' stocks are high at the approach of winter. As forewarned *in the last annual* statement, NCC Rexco has mothballed one of its plants—*Edwinstowe in Nottinghamshire*—while demand remains low. This plant is however, ready for *recommissioning when demand requires.*

Meanwhile, overheads have been trimmed substantially *appropriate* to the reduced level of demand, says the chairman.

The sale is announced for £131,000 cash of the Bulkliner container train activity which formed part of Transbulk. This business, was affected by the considerably reduced volume of fuel moved during the summer and this, coupled with a substantial increase in the cost of hiring trains from Freightliner, adversely affected its economic prospects.

Mr. Davies reports that the new activities in Interfresh and NCC *Process Systems are in line with* expectations, and that Scotts of Nottingham, NCC Engineers and *Scottish Rexco remain* profitable.

As regards the purchase (reported yesterday) of assets from the receiver of Automatic Oil Tools, he says that this forms a substantial and valuable addition to the engineering division. The group is maintaining its valuable investments in North Sea oil exploration companies, the most significant of which is in London and Scottish Marine Oil Company, whose stake in the Ninian oilfield continues to show *satisfactory development.*

There is again no interim dividend—the last payment was the *0.65p final for 1975-76 paid from* profits of £193,000.

	Half year 1976 £000	1975 £000
Turnover:		
Rexco	6,542	7,204
Transport	771	787
Vehicle distribution	2,985	1,817
Engineering	463	459
Total*	10,761	10,594
Trading profit	145	307
Interest payable	197	[illegible]
Loss before tax	52	†103
Taxation relief	27	[illegible]
Net loss	25	†49
Deficit retained	25	§49
Extraordinary debits	21	438
Decrease in reserves	46	395

* Includes exports £2.24m. (£2.09m.)— excluded in respect of 1975 are sales of £6.65m. by discontinued business. † Profit. ‡ Charge. § Surplus.

● comment

A £155,000 turnround to losses in the first six months provides clear evidence of the problems which National Carbonising is *suffering* on its smokeless fuel side. The effects of the long hot summer on domestic sales may *be responsible for much of the* first-half downturn but traditionally this division never really *comes into its own until the* second half which takes in the winter months. The group's main *worry appears to be on the industrial side* which supplies 95 per cent. of its output to the depressed steel industry. NC is now engaged in a strenuous diversification programme, hence the Automatic Oil Tools takeover; but how far it can continue this with borrowings at their current level—almost 100 per cent. of net worth—remains to be seen. The group's capitalisation of £2.8m. at 22p reflects the market's justifiable caution.

Billam profit up at midway

An increase in exports, as previously forecast, has resulted in an improvement in turnover and profits at cutlers J. Billam, says chairman Mr. G. Billam. On turnover up from £591,613 to £729,012, pre-tax profits for the six months *to June 30, 1976, increased to* £73,539 (£62,614). Tax takes £38,240 (£32,559).

Mr. Billam says that there is every indication that this progress will be maintained. Earnings per share improved to 2.35p (2.0p) and the interim dividend is held at 0.715p net per 10p share. Total last year was 2.93p from profits of £115,552.

Wedgwood falls at half-year

PRE-TAX profits fell at tableware and sanitaryware manufacturers Wedgwood from £3.12m. to £2.87m. while sales expanded to £26.66m. (£22.75m.) for the six months to October 2, 1976.

The directors say that September was a record month for both sales and profits and the third quarter has started well.

The interim dividend is 3p net per 25p share against 3.2p. The directors state that as there is no longer any tax benefits to be gained from deferring payment of the interim until April, they have decided to make payment in January. The intention is to equalise, as far as possible, the half-year payments and to pay the maximum permitted for the year.

Last year's total was 5.51p with pre-tax profits totalling £7.07m.

Earnings per share on after tax profit fell to 9.1p *(9.8p).*

	26 weeks 1976 £000	27 weeks 1975 £000
Sales	26,657	22,749
Interest	456	317
Pre-tax profit	2,867	3,120
Taxation	1,497	1,846
Extraord. debits	64	501
Attributable	1,454	1,775
Retained	878	1,278

● comment

Wedgwood shares jumped 15p to 173p after the results yesterday but recovery in the second quarter had been forecast. Moreover the accompanying half-year balance sheet has shown some deterioration. Borrowings have risen £5m. to about £11½m. due to a £2.8m. increase in stock, a £2.1m. rise in debtors and expenditure on the expansion *programme. Seasonal factors* probably bear part of the blame but there is a 53 per cent. rise *in interest charges.* Last year Wedgwood already had an unfortunately slow stock turnover rate of 2.8. Meanwhile the difficult trading conditions reported in North America and Australia may be connected with competition from the Far East and nearer to home. Ireland has recently complained of pottery "dumping." The shares yield 5.5 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo American Corp. ...	35(d)	Dec. 21	43	65	75
Assam Consolidated	1	—	Nil	1	Nil(b)
Beecham ....int.	2.87	Feb. 1	2.61	—	5.54
J. Billam ....int.	0.72	Jan. 7	0.72	—	2.93
Thos. Borthwick & Sons	3.8	Jan. 28	0.61	4.8	1.61
John Carr (Doncaster)...	1.09	Jan. 7	0.99	1.64	1.49
Century Oils ....int.	0.5	Jan. 8	0.35	—	2.18
E. Chalmers ....int.	0.6	Dec. 30	0.55	—	1.1
Cocksedge ....int.	0.81	—	0.81	—	3.09
J. H. Dennis	1.26*	Feb. 4	0.69	2.53	1.35
Highgate and Job ...int.	1	Jan. 7	1	—	2
International Paint	2.79	Feb. 7	2.53	—	5.57
Land Securities ......int.	1.5	Dec. 10	1.5	—	4.32
Nthn. Securities Tst. int.	0.7	Dec. 22	0.7	—	2.45
Norwest Holst ....int.	2(a)	—	Nil	—	3.89
Peak Investments	0.15	—	Nil	0.65	Nil
Redland ....int.	1.74	Jan. 17	1.58	—	3.41
Robert Riley ....int.	*0.18*	*Dec. 22*	*0.18*	—	*0.83*
Talbex	Nil	—	0.2	Nil	0.2
Town Centre Secs.	0.73	—	0.66	0.73	0.66
View Forth Inv. Tst. int.	*0.5*	*Jan. 20*	*0.47*	—	1.5
Viners ....int.	0.95	Dec. 3	0.42	—	1.15
Wedgwood ....int.	3	Jan. 4	3.2	—	5.51
Wellco Holdings	0.24	—	Nil	0.41(c)	Nil
Witan Investment ...int.	0.8	Feb. 1	0.75	—	1.65

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross throughout. (b) For 16 months. (c) For 18 months. (d) South African cents *throughout.*

Century Oils to make up lost ground

AN ADVANCE from £328,000 to £645,000 in pre-tax profit is reported by Century Oils Group for the six months ended September 30, 1976 and chairman Mr. C. H. Mitchell forecasts that the second *half will be at least as good as* this. In 1975-76 profits fell from a record £1.01m. to £820,000.

Referring to dividends he points out that since the bid from British Petroleum has lapsed, following *its reference to the Monopolies* Commission, the Treasury has withdrawn permission granted just *before the referral for a substantial* hoist in the current year's dividend. Any increase will therefore be limited to the permitted maximum. An increase from 0.35p to 0.5p is now being made in the interim—last year's total was 2.1775p.

	Half-year 1976 £000	1975 £000
Turnover	7,983	6,620
Trading profit	713	399
Interest charges	68	71
Profit before tax	645	328
Corporation tax	335	171
Net profit	310	157
Interim dividends	43	32
Retained	268	125
Earnings per share	3.65p	2.14p

Mr. Mitchell reports that the company is continuing to make progress and to develop its new areas of activity. The build up of the refinery in Glasgow, and the new development of wholesale sales of lubricating base oils and raw materials to other independents, both at home and in Europe, are beginning to make a useful contribution to profits.

The directors have also been most encouraged by the success of the acquisition in Belgium and by the *increase in motor oil sales.* Exports are running at a record level.

● comment

There was no indication of near *doubled profits at Century Oils* before the 50p bid from BP that raised the shares from the 1976 *low of 29p. The profits buoyancy* at a time of industry surplus is attributed to a volume increase *of just under a tenth with a boost* from new activities such as wholesaling, consumer products and exports, up by half. This year's figures are also helped by the two Belgium acquisitions and loss elimination at the Scottish refinery which is heading steadily towards maximum output and could bring in some profits in the *second half. The same trends are* apparent in the seasonally better second half which could also *benefit from price increases.* So minimum expectations of £1.29m. pre-tax give a prospective p/e of 8.2 at 48p where the maximum yield is 8.1 per cent., against the sector average of 4.7 per cent. This kind of showing gives a pale edge to BP's bid which has lapsed, now that there is to be an investigation by the Monopolies Commission.

Viners sees shortfall

PROFITS OF Viners, the cutlery and holloware group, *for 1976 are* now expected to be materially less than forecast with the July *placing when it was indicated* that they would exceed the attributable pre-tax balance of £793,777 achieved for 1975. But the directors still expect to lift the dividend total from 1.1528p to 2.1125p as promised, on the increased capital. An interim of 0.95p (0.4223p) is now declared.

In the first 28 weeks ended July 18, 1976, group pre-tax profits fell sharply from £230,000 to £87,000, on a turnover marginally ahead at £4.77m. (£4.35m.). Earnings per 10p share are 0.34p (1.98p).

	28 weeks 1976 £000	1975 £000
Group turnover	4,766	4,377
Profit before tax	87	230
Taxation	58	125
Net profit	29	105
Minorities	8	5
Attributable	21	100

The directors explain that the forecast was based on *management accounts for the first five* months of the year at which time overall group sales were ahead. *Although group profits were substantially less than for the same* period in 1975, traditionally the *profits for the first half have been* of lesser significance than the profits of the second.

While profits for the year of the parent were expected to make a significant contribution they were anticipated to be less than for 1975; this reduction, however, being more than offset by substantially increased *overseas contributions.*

In arriving at this conclusion for parents' prospects, assumptions were made that sales wou[ld] follow the historic seasonal pattern for the rest of the year—such sales being after five month[s] about the same as for the corresponding period in 1975.

In the event the directors say that trading experience in the closing weeks of the half ye[a]r suffered from a sharp decline in *conditions in the U.K.; when* parent sales fell short of budget by 27 per cent., resulting in a material loss of profit.

It is still too soon to predic[t] the effect on the important Christmas trading period of recent occurrences in the economy but they feel it is clear the anticipated normal seasonal pattern of U.K. sales through the year wil[l] not be experienced. Accordingly, profits of the parent will be *materially less than anticipated while* the overall performance of the overseas subsidiaries is in line *with expectation.*

ISSUE NEWS

AE raising £9.5m. towards expansion

Less than 18 months after its last rights issue, Associated Engineering has announced that it is raising a further £9.5m., backed by a forecast of a big increase in *pre-tax profits from* £13.7m. to £21m. for 1975-76.

Mr. Malcolmn Norgate, finance director, said yesterday that whereas the previous rights issue in June, 1975, raising £7.9m., was intended to correct balance-sheet ratios, the present fund-raising exercise was "more aggressive."

AE has plans for capital expenditure of £35m. over the next two years compared with the £9m.-£10m. spent in 1975-76. The directors feel that "it is in the best interests of the group not to delay *this capital expenditure despite* the uncertainties which confront industry in the U.K. at present."

Shareholders are to receive a maximum increase in dividend this year of 4.02p net (3.66p), *including a final of 2.32p;* but in addition on the strength of "a further significant increase in profits for the year ended September 30, 1977," AE plans a 15 per cent. increase to 4.62p for that year.

Terms of the issue *are one-for-*four at 54p a share compared with 69p, up 1p, in the market yester*day. The 1975 rights issue was* at 43p.

Borrowings at September 30, 1976, were £37m. compared with £33m. a year previously, but shareholders funds have increased from £55m. to £62m.

Mr. Norgate said that there had been "real profits growth" over the previous year and that after *a "very rough" inflation adjustment* for extra depreciation of £4m. and cost of sales of £6.7m., *last year's dividend* would have been covered.

In a letter to shareholders, Mr. *John Ferguson,* chairman of AE, says that projections made by the *operating companies for the next* five years indicate further sustained growth and your Board is determined to maintain this momentum."

Stressing the need to *maintain* a sound financial base for the group Mr. Ferguson explains that *although much of any future* increase in sales will be in overseas markets, the greater part of the planned capital expenditure will be in the U.K.

Hill Samuel has arranged for the underwriting of the rights issue; *brokers Rowe and Pitman Hurst-Brown.*

See Lex

ABERDEEN LAND £94,000 RIGHTS

City of Aberdeen Land Association is proposing to raise £94,000 by a two-for-seven rights issue at par, 50p.

Greencoat Properties which holds 47.6 per cent. of the existing capital is to underwrite the issue without charge. It has given assurances to take up its own entitlement and not to dispose of any shares during the offer.

If Greencoat took up all the underwritten shares it would *then control 59.3 per cent.* of City of Aberdeen Land. The Takeovers and Mergers Panel has agreed that Greencoat would not have to make an offer for the balance.

Revenues for the year to June 30, 1976 are £406,110 (£67,019) and pre-tax profits are up to £66,168 (£41,339). Tax takes £34,624 *(£21,373) leaving earnings* per share of 4.31p (2.65p).

The directors are recommend*ing a dividend of 3p net (1.742p),* and although it is still early they are confident that it will be possible to recommend a total of 4p per share for 1976-77.

John Carr rises to top £2m.

After a rise at halfway *from* £0.66m. to £1m., profit of timber importers and merchants and joinery manufacturers *John Carr* (Doncaster) for the year ended September 30, 1976, rose from *£1.35m. to £2.02m., subject* to tax of £994,000 against £713,000. Turnover was up from £8.94m. *to £13.23m.*

The final dividend of 1.059p lifts the total from 1.49p to 1.64p net per 25p share. Stated earnings are 9.31p compared with 5.74p.

Redland jumps £6.51m. to £16.79m. in first half

ON SALES ahead from £86.42m. to £112.9m., including exports of £5.05m. (£2.39m.), pre-tax profits of Redland jumped by £6.51m. to £16.79m. for the 26 weeks to September 25, 1976. Profits for the year to March 1976 were a record £26.82m.

First half earnings are shown to be up from 5p to 7.51p per 25p share and the interim dividend is increased from 1.5813p to 1.7394p net. Last year's final was 1.82795p.

	26 weeks 1976 £m.	1975 £m.
Sales	112.90	86.42
U.K.	57.82	47.08
Overseas	53.88	38.36
From land and prop. sale	0.25	0.20
Depreciation	5.88	4.74
Interest	1.43	1.66
Pre-tax profit	16.79	10.28
U.K. subs.	7.60	5.38
Overseas subs.	5.78	3.40
Associates*	3.41	1.49
Tax	8.61	5.25
Net profit	8.18	5.03
Minorities	1.35	0.84

To comply with U.K. accounting standards, the contribution from associates include profits of the Australian associate for its half year to June 30 and not Sept. 30. The comparisons have been adjusted accordingly. The effect has been to reduce earnings for the half year by 0.33p.

Redland supplies raw materials and finished products and provides services to the construction industry.

● comment

Redland's interim profits more or less confirm City targets of earnings per share for 1976-77 of around 15½p, against 11½p. But if continued progress is to be made next year the group will need to lean heavily on the overseas operations (55 per cent. of profits). For it is now talking about the possibility of volume declines in the U.K. of 15 per cent. Germany expects to at least maintain profits next year—having experienced volume growth in tiles of a fifth in the half-year to September as well as contributing three-fifths of an overall exchange profits of about £1m. At present the group balance sheet is stronger than ever, and the shares at 72p offer a prospective yield of 8.2 per cent., covered more than four times.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—C. H. Industrials, Comben Group, Ferguson Industrial, Allan Kennedy, Macanie (London), J. W. Spear, Warners Holidays, West Bromwich Spring, Wharf Mill Furnishers.

Finals:—David Dixon.

FUTURE DATES

Interims:	
Allen (Edgar) Balfour	Nov. 23
Bulmer (H. P.)	Dec. 15
Carclo Engineering	Dec. 8
Latham (James)	Dec. 9
M.L. Holdings	Nov. 23
Meyer (Montague L.)	Dec. 14
Parkland Textile	Dec. 1
Progressive Securities Investment Trust	Dec. 9
Renwick	Nov. 25
Rotaprint	Nov. 23
Woodhead (Jonas)	Dec. 10
Finals:	
Cardiff Malting	Nov. 23
Dundee and London Investment Trust	Dec. 2
National and Commercial Banking	Dec. 2
Wingate Investments	Nov. 25

Scot. Amicable Flexipension

Scottish Amicable Life Assurance Society has introduced a new pension scheme for the self-employed — Flexipension — incorporating several new features compared with the previous pension plans which are now superseded. The basic principle is that the investor purchases the pension in the form of units each representing annual premiums of £50. When the investor reaches 60 he can start realising one or more of his units according to his circumstances up to the age of 75, taking the benefits as part tax-free cash, part pension or all pension. By this means he can build up his pension as he gradually eases himself out of his business.

Under most other self-employed pension contracts on the market, the investor has to take the benefits at once or else effect several different contracts. This new plan provides flexibility in one policy. Provided the investor takes out a minimum of two units, he can top up his benefits by single premium payments, a useful feature for those self-employed whose earnings vary considerably from year to year.

This new series will carry its own bonus rate separate from that of previous plans. The envisaged rate at the start is £4 per cent. per annum of guaranteed pension benefits and £6 per cent. per annum on attaching bonuses. The next triennial declaration of the company is due for the period ending December 31, 1977.

Witan tops £1m. at halfway

GROSS INCOME of Witan Investment Company for the half-year to October 31, 1976, was up from £1.93m. to £2.38m., and after interest and expenses of £1.18m. against £1.07m., pre-tax earnings emerged at £1.26m. compared with £0.86m.

Tax for the half-year took £469,452 against £344,959, leaving net earnings at £790,612 (£517,214).

Stated earnings per share are 0.93p (0.6p), and the interim dividend is stepped up from 0.75p to 0.8p net per 25p share. The directors expect at least to maintain the final at 0.9p. Total last year was 1.65p from net pre-tax revenue of £2.1m.

Net asset value per share is given as 87.8p against 86.7p.

£0.24m. net loss by Talbex

Including extraordinary losses of £143,686 against £30,185, and after tax of £123,915 against £192,639, The Talbex Group incurred a deficit of £238,353 for the year to July 31, 1976, compared with profits of £69,095 previously. Turnover was £6.18m. (£6.78m.).

At halfway there were profits of £73,596, down from £166,513.

The loss per 5p share for the year is given as 0.47p compared with earnings of 0.78p.

The figures of London Plastic Packaging have not been included in the consolidated accounts, but £150,000 has been allowed as its estimated loss before tax. Included in extra-ordinary losses is £100,000 relating to the effective disposal of this holding. As previously stated the estimated total loss relating to L.P.P. is £250,000.

Growth at Town Centre

ON GROSS revenue up from £1.87m. to £2.24m., pre-tax profit of Town Centre Securities for the year ended June 30, 1976, advanced from £117,653 to £352,479 after interest charges unchanged at £1.09m.

Stated earnings are 1.13p per 25p share against 0.51p, and the dividend is increased by the maximum permitted from 0.66495p to 0.73125p net per share.

Half-time profits rose from £20,638 to £128,316.

	1975-76 £	1974-75 £
Gross revenue	2,237,040	1,871,128
Interest	1,068,816	1,087,813
Profit before tax	352,479	117,653
Taxation	95,000	3,014
Leaves	254,479	114,639
Sales invest. props.	4,621	267,836

The directors state that conditions in the letting market remain low.

E. Chalmers well ahead midway stage

Ingot manufacturers and metal merchants E. Chalmers Holdings reports turnover for the six months to August 31, 1976, up from £0.73m. to £1.16m., and profit after tax increased from £18,000 to £49,000.

Interim dividend is stepped up from 0.55p to 0.6p net (as forecast) per 10p share. Total last year was 1.1p from pre-tax profits of £51,359.

Midterm progress at Cocksedge

Turnover of structural and mechanical engineers and steel stock holders Cocksedge (Holdings) for the six months to September 30, 1976, was steady at £1.45m. against £1.43m., and pre-tax profit advanced from £89,703 to £126,920.

Interim dividend is unchanged at 0.8125p net per 25p share. The total last year was 3.0875p from profits of £208,837.

Net profit for the six months was £60,420 against £32,703.

Ultramar down at nine months

FOLLOWING THE warning with the £14.7m. rights issue in March that it might be difficult in the current year to achieve the record result of 1975 (£20m. pre-tax) Ultramar reports a reduction from £15.84m. to £11.12m. in the pre-tax balance for the first nine months and a net earnings figure down from £11.07m. to £7.49m.

Included in the 1975 result was a profit of £2.64m. in respect of the Venezuela operations which ceased at the end of 1975. The directors point out that the 1976 results reflect modifications (effective from January 1) to the Indonesian production sharing contract. If the results for the first half of 1976 had been prepared on the basis of the new contract profit before tax would have been £7.11m. and earnings £5.15m., compared with £5.06m. and £4.06m. respectively reported previously.

The directors report that good results continue to be achieved in California and Newfoundland divisions and in the Indonesian Oil producing operations. Eastern Canadian operations, however, have continued at depressed levels though there have been some improvements in margins starting in September. In the U.K. depressed prices continued throughout the nine months.

The fourth quarter is expected to be relatively strong. Based on present exchange rates the net earnings for the second half should be better than those of the first half (£5.15m.).

Earnings per share for the nine months amounted to 19.4p (29.7p) or 18.1p fully diluted.

Group results for the first half of 1976 included as depletion a major part of the proceeds of the 40 per cent. cost recovery oil in addition to a normal depletion charge calculated on the unit of production basis. The modifications to the production sharing contract make this treatment inappropriate in view of the completely changed terms, the directors state.

Results for the nine months and the revised results for the first half reflect a depletion charge on the unit of production basis and a provision for deferred Indonesian taxes on the difference between the depletion allowed in computing Indonesian tax and the amount of depletion charged under the unit of production method.

The new terms result in a slower recovery of total costs. Ultramar does better in 1976 than under the previous agreement but not so well in the later years, they point out. Nevertheless, under the revised terms, there is still a rapid pay-out of the investment and a substantial increase in income will result once the deliveries of gas get under way.

	Nine months 1976 £000	1975 £000
Sales	300,563	189,000
Trading profit	18,555	22,036
Amort., deprecn., etc.	8,467	6,199
Profit before tax	[illegible]	15,837
Current tax	2,453	4,271
Deferred tax	1,170	494
Net earnings	7,495	11,072
Preferred dividend	452	—
Attributable Ord.	7,043	11,072

*Results translated into sterling at following rates U.S.$1.67 (2.02) and Can.$ 1.62 (2.00).

● comment

Ultramar's profits are showing the expected third quarter improvement and yesterday the market was suitably impressed with the shares rising 8p to 108p. But the underlying trends are masked by three factors; depreciation is sharply lower in the third quarter, exchange profits would have been rising sharply and the new status of the Indonesian contracts clearly gave the tail end of the period a useful boost. Ultramar's actual trading background has been more constant; the U.K. and Eastern Canada have continued to lose money (but should be out of the red currently) while the U.S. West Coast and Newfoundland have made progress. Overall fully diluted earnings per share could eventually emerge at the top end of the year's range of 20p to 25p. As for the balance sheet, group debt in sterling terms could currently be in the region of £115m.; last December tangible net worth was £76m.

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Hield Bros. half-time setback

Reflecting a sustained period of eroded margins due to the world recession in textiles, Bradford-based Hield Brothers, worsted cloth manufacturers, spinners, dyers and finishers, reports a loss before tax of £145,000 for the half year to October 10, 1976, against a profit last time of £107,000.

	Half year 1976 £000	1975 £000	Year 1975-76 £000
Turnover	4,150	3,483	7,547
Trading profit	25	*265	505
Depreciation	103	114	216
Interest	67	44	93
Loss before tax	[illegible]	*107	*201
Taxation	†75	56	88
Net loss	70	*51	*113

* Profit † Credit.

The directors state that steps have been taken to improve margins, and although these will take time to be fully effective they anticipate a significant improvement in the second half.

Turnover for the half year was up from £3.48m. to £4.14m., but trading profit fell from £265,000 to £25,000.

Profit last year was £201,418, and a dividend of 0.745p net per 5p share was paid.

The order book is in a much healthier position than for many months past, say the directors, and they remain confident that 1977/78 will prove a better year.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Rate Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£101½	850	AmrienMedInt.Inc.$8	900	−15	Q.84c	—	1.6	—
—	F.P.	—	£29	£21¼	Barry Pacific Fd US$1	£27	......	40c	—	0.8	—
80p	F.P.	17/9	70	56	Borthwicks (Thos.) 50p	69	+3	b5.5	2.0	12.3	6.1
—	F.P.	—	£25¾	£24⅞	Dentsply Int. Inc. $1	£24⅞	−⅛	—	—	—	—
—	F.P.	—	£25⅛	£25⅛	Esmark $US1	£25¾	+¼	Q$1.52	—	[illegible]	—
11	F.P.	—	140	96	Tolux S.A. [illegible]	140	......		—		—
—	F.P.	—	40⅞	29⅛	Utd. Technologies US$5	£29⅛	−⅛	Q$1.20	—	2.6	—
—	F.P.	7/1	197	183	Willis Faber 25p	185	......	7.0	2.4	5.8	11.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
$99100	F.P.	—	$100	$99	Kockums Mek 8% Guar. Notes 1983	$99	......
KD100	F.P.	—	98KD	98KD	Korea Development Bk 8½% Guar. Bonds 1978	98KD	......
[illegible]	F.P.	—	71	70	Newman Inds. 10% Cum. Pref.	71	......
99¼	10	—	10¾	10⅛	Tendring Hundred Works 9% Red. Pf. 1981	10¾	......
[illegible]	Nil	—	2	1	Tri-Nil Cia Cp-Dev-5½% Prp.Cv.UnDb1987/91	Nilpm	......
—	F.P.	—	76	75	Willis Faber 7% Cum. Pref.	75	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †	‡	1976 High	1976 Low	Stock	Closing Price p	+ or −
$A4	Nil	—	3/12	385	230	Broken Hill Props.	230	−5
11	Nil	—	—	1½	½	Gray Electronic	1½pm	......
25	F.P.	22/10	11/12	32	26	Fairbairn Lawson	32	+5½
124	F.P.	1/11	17/12	130	118	General Accident	130	+7
100	F.P.	29/10	10/12	130	101	Howden (Alexander)	130	+3
$A1.75	Nil	5/12	17/12	65	42	National Bank of Australasia	55pm	......
$A1.90	F.Pd	18/6	—	141	80	Western Mining	82	−1
70c	F.P.	—	—	94	47	Woodside-Burmah	68	−1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend; cover based on previous year's earnings. r Figures based on prospectus or other official estimate for 1976. Q Gross. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ¶ Offered to holders of Ordinary shares as a "rights." ♥ 280 S Afr cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † provisional or partly-paid allotment letters. ‡ With warrants. ψ After suspension. KD Kuwait Dinar.

Wellco turns in £0.47m. for 18 months

Wellco Holdings (formerly Hawkins Developments) reports profits before tax of £467,389 for the 18 months to June 30, 1976, compared with a loss of £30,798 for the previous year.

Earnings are shown at 3.58p per 5p share against a loss of 0.39p and a final dividend of 0.24375p makes a total of 0.40625p, the first dividends since 1964.

	1975-76 18 months £	1974 Year £
Group turnover	7,632,944	6,879,985
Profit before tax	467,389	*30,798
Taxation	183,000	—
Net profit	284,389	*30,798
Sale of props.	37,451	—
Surplus on Ln. Stk. red.	[illegible]	—
Capital reorgn. costs	15,474	—
Subs. share sale costs	—	23,576
Dividends	32,262	—
Retained	315,543	*54,374
Less prior year adjsts.	117,408	—
Forward	194,340	*646,551

* Loss.

The result has been achieved through the closure of the loss-making building activities and by concentrating on the highly successful electrical distribution and manufacturing operations, say the directors.

WALLIS FASHION

At the reconvened meetings of the Preference and Ordinary holders, the two resolutions altering the borrowing powers and changing the name to Wallis Fashion Group were approved.

POWELL DUFFRYN

Powell Duffryn has bought a further £160,000 of its 6½ per cent. debenture stock 1984-89 making total purchases to date £1,157,213. There is £1,842,787 outstanding.

Near £20m. jump by Beecham midway

A JUMP from £35.6m. to £55.4m. in group pre-tax profit is reported by the Beecham Group for the half year ended September 30, 1976, and earnings per 25p share increased to 20.75p compared with 13.37p.

At the trading level profits were up by £21.2m. to £60m. on a turnover £70m. ahead at £331.2m. Restatement of the results for the 1975 half year at March, 1976, exchange rates would increase the trading profit for that period by £43m. adn sales by £20.1m. If September 30, 1976, rates had been applied to the 1976 half year result it would increase sales by £28m. and trading profit by £5m.

The interim dividend is raised from 2.61p to 2.87p net, at a cost of £4.1m.—the total for 1975-76 was 5.54p paid from profits of £91.2m.

	Half-year 1976 £m.	1975 £m.
Group sales	321.2	251.8
Trading profit	60.0	38.9
Loan interest	4.6	3.2
Profit before tax	55.4	35.6
Taxation	24.9	16.1
Net profit	30.5	19.5
Minorities	0.6	0.3
Available	29.9	19.2

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See Lex

Improvement at Highgate and Job

PRE-TAX PROFITS of Highgate and Job more than doubled from £33,000 to £87,000 in the six months to September 30 on turnover up from £2.76m. to £4.74m.

The directors say the results are in line with expectations and on present indications they would expect the improvement to continue. Profits for the year to March 1976 were £68,500.

So as to conserve resources, the interim dividend is held at 1p net per 50p share. Last year's final was also 1p.

The oil division has traded profitably and should continue to do so for the remainder of the year, members are told. It will however be affected in the future, to an extent which is not possible to predict, by any further reduction in the quota for the catch of the sperm whale that may be agreed by the international whaling commission. The proteins division is now operating satisfactorily.

	(unaudited) 1976 £000	1975 £000	Year 1975-76 £000
Turnover	4,738	2,764	6,427
Oil	1,274	1,085	2,460
Proteins	3,464	1,679	3,967
Profit before tax	87	33	69
Oil	71	44	11
Proteins	16	*11	*42
Tax	45	17	35
Net profit	42	16	34

* Loss.

Recovery trend at Martonair

GROUP SALES of Martonair International in the first quarter *of the current year* are well above the level of the corresponding 1975 period and, barring unforeseen circumstances, the group expects to make substantial progress in the coming months towards a return to the record results achieved in 1974-75, states Mr. G. Godwin, chairman.

In the longer term he remains confident of the continuing growth potential of the group and in its ability to attract an *increasing share of world markets.*

Looking at 1975-76 the chairman explains that incoming orders and turnover remained at a low level *during the first half reflecting* the recession in world markets, and this position did not change significantly until March of this year, so that total turnover at £19.22m. (£18.81m.) was only slightly higher. The consequent under-utilisation of productive capacity resulted in higher *operating costs, so that profit,* before tax, decreased to £2,186,193 as compared with £2,879,328 in the previous year.

Of the group turnover nearly 77 per cent. was in respect of direct exports from the U.K. and sales by overseas subsidiaries. In *spite of the difficult trading conditions,* there was a small increase in turnover in the U.K. from £4,288,965 to £4,441,331, indicating an increased market share, and the group is continuing to strengthen the U.K. sales organisation to improve the service to *customers.*

Overseas, sales remained static in most countries for the greater part of the year, although a noticeably improved trend began to develop in the last quarter which has continued into the current year. The losses in Holland during the latter part of 1975 were eliminated following further rationalisation and the company is now profitable.

In France, although there was some *recovery in the second half,* the year ended with a small loss, resulting from the increased costs and static turnover. In recent months, there have been indications of increased activity in the Middle East and in the Far East.

A number of new products have been developed during the year, including a new and advanced range of cylinders to European standards which should be in full production within the next two months, says Mr. Godwin.

A group statement of funds reveals a net decrease in bank borrowing of £1.68m. (£0.26m. increase).

Meeting of the group—makers of pneumatic control equipment—is at the Connaught Rooms, WC, December 14 at noon.

Chairman's statement Page 27

MPI turns in £52,145

Including a surplus on loan stock redemption of £57,145, musical instrument manufacturer and funeral services concern MPI has shown a profit of £52,145 for the 18 months ended June 30, 1976. This compares with a loss of £176,551 in the preceding year.

Excluding the loan stock surplus, the loss per share was cut to 0.18p (loss 1.26p). There is again no dividend—the last payment was 0.2625p for 1973.

	1976 18 mths. £	1974 12 mths. £
Turnover	2,899,333	1,150,227
Surplus on loan stock	57,145	—
Interest	91,770	94,694
Pre-tax profit	52,341	*176,551
Taxation	30,463	+5,115
Leaving	22,378	*165,436
Sale of subsidiary	—	*30,135

* Loss. + Credit.

Borthwick tops forecasts

INTERNATIONAL meat traders, Thomas Borthwick and Sons reports on pre-tax profits up from £4.67m. to £8.08m. for the year to September 30, 1976 and the dividend total is stepped up from 1.61p to 4.8p net per 50p share with a final of 3.8p. Stated earnings rose from 8.4p to 15.33p.

In the offer for sale in July profits of £7.25m. and a final dividend of 3.3p were forecast.

	1975-76 £000	1974-75 £000
Group turnover	282,800	307,000
Profit before tax	8,082	4,670
Tax	4,284	2,516
Net profit after tax	3,798	1,858
Minority interests	9	*32
Extraord. credit	421	*374
Attributable	4,210	1,566
Interim dividend paid	99	99
Proposed final	1,331	68

Dividends for 1975 and interim dividend for 1976 paid on 9.9m. Ordinary shares of £1. Proposed final payable on 35,025,000 Ordinary shares of 50p.

*Loss.

The extraordinary items are mainly the exchange differences on translating overseas net current assets at rates of exchange ruling at the financial year end.

Exports to EEC countries from the U.K. division increased again so some £10m. (£4m.) say the directors. Exports to Middle East countries from the Australian and New Zealand divisions increased again to £13.4m. (£10m.) and live*stock populations in Australia and* New Zealand, the main producing countries, are at the highest ever levels.

The Board intends to continue to broaden the base of the group's profits and to take all possible steps to smooth out the fluctuations in profitability that go with being an *international* meat trader and processor. The long-term growth prospects remain good, and, subject to no combina*tion arising of exceptional factors,* the Board views the current year with cautious optimism.

Holders of over 94 per cent. of the shares of Midland Cattle Products have accepted the recommended cash offer by Borthwick.

The offer has become unconditional and remains open.

Acceptances have been received for 4,965,336 shares and Borthwick intends to acquire compulsorily the outstanding shares.

● comment

Borthwick has beaten its prospectus forecast by 11 per cent. pre-tax, and the dividend is 15 per cent. higher than anticipated, fully vindicating the recent strength in the share price, which at 69p yesterday was equal to the first day's dealings in early August, since when the market overall has fallen an eighth. Sterling's weakness has obviously given some boost to the figures, but as an average is taken for the year for the purposes of conversion the impact on the profits is not that much more than foreseen at the time of the prospectus. However, there will presumably be another boost this year. But the real point for 1976-1977 is that the underlying trading pattern is not looking any better than that of last year. Falling U.K. meat consumption and higher livestock prices are squeezing margins, while in the world markets Borthwick faces voluntary restraint in the U.S., quotas in Japan and import bans into the EEC. A happier note is that the success of the Midland Cattle acquisition will help offset the group's more traditional *volatility,* and *ease the group's* ACT liability. On a full-year basis the yield is 14.9 per cent., while the p/e on earnings of 15.33p is 4.2.

Investment Trust up at halfway

Gross income at Investment Trust Corporation for the six months to November 1, 1976, grew from £1.6m. to £1.8m., including deposit interest and underwriting commission of £64,925 (£138,037).

After tax of £648,304 (£569,000) and expenses net revenue improved from £842,388 to £981,393. As reported on November 10, the interim dividend, which has been increased to remove the disparity with the final, was 1.82p (1.48p) net per 25p share. Last year's total was 4.94p.

Net asset value, after dividend payment increased to 224p (208p) per share.

Substantial progress for Norwest Holst

FIRST HALF profits of civil engineering and building contractors Norwest Holst rose substantially from £438,000 to £1.63m. And for the second half the directors are looking for a similar figure, which would give £3.26m. for the year to March 31, 1977, against £2.31m. achieved in 1975-76.

Earnings for the half year are shown at 7.2p (1.6p) basic and 5.9p fully diluted. Interim dividends are resumed with a declaration of 2p gross, and a total of 6.25p is forecast for the year, compared with 3.89p.

	First half 1976 £000	1975 £000	Year 1975-76 £000
Turnover	36,390	32,440	66,190
Profit	1,928	1,041	3,293
Interest charged	298	603	981
Profit before tax	1,630	438	2,312
Taxation	911	228	1,453
Minority	77	67	78
Extraord. debit	185	—	*132
Net profit	472	143	903
Dividend	118	—	225
Retained	354	143	786

* Credit.

Chief executive Mr. E. Brian says the results reflect the considerable improvement of the group's control systems and the re-organisation of management. By the end of the financial year the development on control systems will be complete.

The acquisition of F.C. Construc*tion is expected to contribute* significantly to future success although nothing is included in the interim results.

Mr. Brian is confident that the growing momentum in the group will ensure its successful future both in the U.K. and overseas.

The recently announced Government cutbacks will fall mainly on road programmes, hospitals and schools, "on which we have little dependence." The company has anticipated the downturn in demand for new houses next year, and has sold some of its land back and switched those *resources* into other enterprises.

Net borrowings were reduced from £4.2m. to £1.3m. at September 30, and are now down to £0.5m. Cash in hand totals over £4m.

Foreign borrowings are now matched with foreign assets.

● comment

The record half-time profit at Norwest Holst represents the fruition of the internal reorganisation rather than organic growth. In fact volume has been virtually at a standstill and this picture is likely to continue. This must create a problem for next year when the reorganisation effects will be negligible and housing is likely to be 25 per cent. down on this year's forecast 480 units. So far this year gains have been made by cost cutting to improve margins and by virtual elimination of borrowings. This makes the estimate of repeat profits in the second half seem conservative considering that interest charges will probably be no more than £100,000 there will be a £200,000 contribution from the new acquisition, F.C. Construction, and there is £4m. in cash. This forecast suggests a p/e of 4.6 on a share price of 56p and the promised dividend would yield 11.4 per cent.

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James H. Dennis advance

ON TURNOVER increased from £4.03m. to £4.89m., pre-tax profit of James H. Dennis and Company, engineers, *for the year to August* 31, 1976, rose from £357,917 to £392,208. At halftime, profits fell from £216,000 to £187,000.

Stated earnings are 6.8p against 6.78p per 10p share. The final dividend of 1.2645p net lifts the total from 1.3488p (after adjusting for rights issue) to 2.529p per share.

Tax for the year was £217,268 (£164,712), and there was a surplus on foreign exchange con*version of £13,342 (£46,507).*

First-half deficit at Lamont

LAMONT HOLDINGS made a loss of £65,299 for the first half of 1976 compared with pre-tax profits of £47,550 last time for all 1975 there was a deficit of £52,517 and the dividend was 0.7p net.

Loss per 10p share ... 1.6p ... 0.53p

The directors say they are not optimistic in respect of trading for the current six months and are seriously pursuing the possibility of withdrawing completely from the financial services field of operations which would have the immediate and positive effect of reducing overheads.

Lamont Financial Services was responsible for the greater part of the first half loss. The planned investment of this division was seriously affected by the events reported in the chairman's last annual statement and the present climate in the investment market does not indicate an improvement in this division at least in the short-term.

The engineering companies expanded their order book but it was not possible to bring the Edinburgh-based company into profit. The present *unstable* economic climate is tending to indicate a falling off in order intake which the directors hope may be partly offset by developing exports.

Lamont Life Assurance contributed a profit while the property division showed a not unexpected small loss as interest arising on capital involved in development projects continues to be written off against income. The Board *will review this policy at the* year-end.

The principal extraordinary items were the writing-off of losses on investments undertaken in the early months of this year ultimately amounting to £60,000 and a credit in respect of a sale of a trade mark to a Swedish company for £36,665.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
117.3	Alliance Trust	Ord. Stock 25p	29/10/76	3.35	214.3	225.1	38.4
20.0	Capital & National Trust	Ord. & "B" Ord. 25p	29/10/76	*3.3	122.6	136.4	19.0
6.1	Claverhouse Investment Trust	Ordinary 50p	31/10/76	2.75	60.5	60.5	7.2
64.6	Crossfriars Trust	Ordinary 25p	29/10/76	2.6	64.6	64.6	[illegible]
6.5	Direct Spanish Telegraph	Ordinary 25p	31/10/76	3.8	50.9	50.9	[illegible]
†	Dundee & London Investment Trust	Ordinary 25p	29/10/76	†	†	†	[illegible]
66.8	Edinburgh Investment Trust	Deferred £1	29/10/76	4.95	200.8	220.4	37.7
35.2	First Scottish American Trust	Ordinary 25p	1/11/76	2.3	89.6	93.6	16.7
5.9	Grange Trust	Ord. Stock 25p	29/10/76	1.38	69.5	75.0	7.9
46.4	Great Northern Investment Trust	Ordinary 25p	29/10/76	3.3	90.7	93.9	9.1
45.8	Guardian Investment Trust	Ordinary 25p	29/10/76	1.96	71.7	77.1	9.0
74.9	Investment Trust Corporation	Ordinary 25p	29/10/76	4.94	221.1	228.3	42.6
72.9	Investors Capital Trust	Ordinary 25p	29/10/76	1.1	86.5	94.0	18.2
26.7	Jardine Japan Investment Trust	Ordinary 25p	31/10/76	0.8	168.0	168.0	26.4
26.7	London & Holyrood Trust	Ordinary 25p	29/10/76	2.7	112.9	117.8	20.1
19.5	London & Montrose Investment Trust	Ordinary 25p	29/10/76	4.5	193.9	199.0	35.2
37.2	London & Provincial Trust	Ordinary 25p	29/10/76	2.6	113.8	116.9	20.8
85.0	Mercantile Investment Trust	Ordinary 25p	29/10/76	0.8	x31.2	37.9	2.3
	Do. Do.	Conv. Deb. 1983	29/10/76	£4.50	£50.70	£56.80	£3.40
†	Northern American Trust	Ordinary 25p	1/11/76	†	†	†	†
2.6	Save & Prosper Linked Invest. Trust	Capital Shares	1/11/76	—	54.1	54.1	—
41.8	Scottish Northern Investment Trust	Ordinary 25p	5/11/76	2.3125	88.1	98.7	13.2
91.3	Scottish United Investors	Ordinary 25p	31/10/76	1.55	99.2	104.5	21.7
38.7	Second Alliance Trust	Ord. Stock 25p	29/10/76	4.75	181.9	193.2	33.3
2.3	Shires Investment Co.	Ordinary 50p	31/10/76	6.4	88.6	88.6	—
32.2	Sterling Trust	Ordinary 25p	29/10/76	4.1	x171.2	183.1	31.2
21.4	Technology Investment Trust	Ord. & "B" Ord. 25p	29/10/76	*1.75	106.0	107.3	17.8
36.1	United British Securities	Ordinary 25p	29/10/76	6.85	249.3	252.2	40.4
	Baillie Gifford & Co.						
104.4	Scottish Mortgage & Trust	Ordinary 25p	31/10/76	2.4	127.4	130.1	21.0
50.7	Edinburgh & Dundee Investment	Ordinary 25p	31/10/76	2.8	158.3	165.1	27.5
30.4	Monks Investment Trust	Ordinary 25p	31/10/76	1.05	55.7	57.1	9.0
13.4	Winterbottom Trust	Ordinary 25p	31/10/76	3.5	216.7	221.7	[illegible]
	Baring Bros & Co. Ltd.						
29.3	Outwich Investment Trust	Ordinary 25p	5/11/76	1.925	96.8	106.5	12.4
21.0	Tribune Investment Trust	Ordinary 50p	27/10/76	10.3	782.0	786.5	151.2
	Cripps Warburg Ltd.						
‡12.9	Sizewell European Invest. Trust	Ordinary 10p	31/10/76	1.4	84.9	94.9	8.9
3.5	Atlanta, Baltimore & Chicago	Ordinary 10p	31/10/76	0.15	w61.0	w61.0	w9.2
4.2	West Coast & Texas Regional	Ordinary 10p	31/10/76	0.4	w73.2	w73.2	w11.0
	Edinburgh Fund Managers Ltd.						
60.3	American Trust	Ord. & "B" Ord. 25p	31/10/76	*1.0	41.3	44.0	3.9
17.8	Crescent Japan Investment Trust	Ordinary 50p	31/10/76	—	151.7	151.7	21.7
	Electra House Group						
122.4	Cable Trust	Ordinary 25p	28/10/76	4.2	132.6	133.0	11.1
	Do. Do.	Conv. Loan	29/10/76	£6.25	£108.70	£109.00	£9.10
35.0	Electra Investment Trust	Ordinary 25p	29/10/76	3.6	101.6	104.2	10.2
92.3	Globe Investment Trust	Ordinary 25p	29/10/76	3.35	x83.0	x89.6	x6.7
	Do. Do.	Conv. Loan 1987/91	29/10/76	£5.50	£65.80	£71.00	£5.30
16.8	Telephone & General Trust	Ordinary 25p	29/10/76	6.5	x150.2	x165.2	x8.9
	Do. Do.	Conv. Loan 1987/91	29/10/76	£6.00	£80.30	£86.30	£3.60
8.0	Temple Bar Investment Trust	Ordinary 25p	29/10/76	4.5	x110.0	x122.4	x7.3
	Do. Do.	Conv. Loan	29/10/76	£5.75	£77.60	£86.40	£5.20
	F. & C. Group						
13.0	Alliance Investment	Ordinary 25p	15/10/76	2.086	[illegible]	98.8	13.5
16.0	Cardinal Investment Trust	Deferred 25p	29/10/76	3.0	x106.3	114.2	14.0
	Do. Do.	Conv. Ln. Stk. 1985/87	29/10/76	£6.00	£86.10	£92.50	£11.30
4.9	F. & C. Eurotrust	Ordinary 25p	29/10/76	0.6	57.1	57.1	12.5
137.2	Foreign & Colonial Invest. Trust	Ordinary 25p	29/10/76	2.38	165.2	176.1	32.8
22.6	General Investors & Trustees	Ordinary 25p	29/10/76	3.18	101.5	107.5	10.7
	James Finlay Investment Mgmt. Ltd.						
1.1	Provincial Cities Trust	Ordinary 25p	31/10/76	1.21225	22.7	22.7	—
	Gartmore Investment Ltd.						
4.0	Altifund	Income 50p	29/10/76	6.75	101.4	101.4	—
	Do. Do.	Capital 50p	29/10/76	0.3375	100.0	100.0	4.6
20.0	Anglo-Scottish Investment Trust	Ordinary 25p	29/10/76	*1.5	42.6	46.1	5.8
1.9	Ashmole Investment Trust	Ord. & "B" Ord. 25p	29/10/76	1.25	57.0	57.0	—
13.2	English & Caledonian Investment	Ordinary 25p	29/10/76	[illegible]	75.0	79.4	9.0
21.5	English & Scottish Investors	Ord. & "B" Ord. 25p	29/10/76	*1.625	72.4	79.3	8.4
3.5	Group Investors	Ord. & Defd. 25p	29/10/76	1.55	53.1	57.8	7.7
4.7	London & Gartmore Invest. Trust	Ordinary 25p	29/10/76	0.24	69.1	76.6	16.0
9.1	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	29/10/76	*1.95	77.9	82.7	13.3
16.4	London & Lomond Invest. Trust	Ordinary 25p	29/10/76	1.85	65.0	66.7	8.4
10.0	London & Strathclyde Trust	Ordinary 25p	29/10/76	1.25	42.7	48.0	7.8
7.0	Meldrum Investment Trust	Ordinary 25p	29/10/76	1.5	34.7	34.7	0.6
6.3	Menteith Investment Trust	Ordinary 25p	29/10/76	0.52	14.8	14.9	0.8
7.5	New York & Gartmore Investment	Ordinary 25p	29/10/76	0.3	39.3	39.3	3.7
	Gartmore Investment (Scotland) Ltd.						
36.6	Scottish National Trust	Ordinary 25p	31/10/76	2.75	148.0	153.2	25.8
14.6	Glasgow Stockholders Trust	Ordinary 25p	31/10/76	1.9	104.8	110.0	18.9
	John Govett & Co. Ltd.						
62.7	Border & Southern Stockhldrs. Tst.	Ordinary 50p	29/10/76	5.5	w289.8	w299.6	w45.4
26.9	Debenture Corporation	Ordinary 25p	29/10/76	2.45	81.6	85.4	11.3
9.2	General Stockholders Invest. Trust	Ordinary 12½p	29/10/76	1.3	105.7	119.2	22.1
17.7	Govett European Trust	Ordinary 25p	29/10/76	1.6	88.6	88.6	24.1
48.0	Lake View Investment Trust	Ordinary 25p	29/10/76	1.65	89.1	94.2	14.1
	Do. Do.	Conv. Loan 1973/98	29/10/76	£4.00	£118.80	£125.60	£18.80
‡26.7	London & Aberdeen Invest. Trust	Prefd. & Defd. 5p	29/10/76	1.75	152.4	165.2	20.8
‡46.4	Stockholders Investment Trust	Ordinary 25p	29/10/76	1.65	91.8	98.1	15.0
	G.T. Management Ltd.						
14.2	Berry Trust	Ordinary 25p	29/10/76	0.625	x58.3	x60.0	x7.3
	Do. Do.	Conv. Loan 1993	29/10/76	£4.25	£84.50	£87.00	£10.50
3.2	Northern Securities Trust	Ordinary 25p	29/10/76	2.45	103.1	110.2	12.2
13.0	G.T. Japan Investment Trust	Ordinary 25p	29/10/76	1.0	171.7	171.7	32.9
	Hambros Group						
16.9	Bishopsgate Trust	Ordinary 25p	25/10/76	4.4	155.3	167.1	18.2
2.2	City of Oxford Investment Trust	Ordinary 25p	29/10/76	2.4	42.1	47.1	—
36.8	Hambros Investment Trust	Ordinary 25p	29/10/76	3.0	82.9	98.7	10.2
7.9	Hellenic & General Trust	Ordinary 10p	29/10/76	1.638	30.0	38.9	—
3.6	Rosedimond Investment Trust	Capital 25p	29/10/76	—	23.7	23.7	0.9
	Henderson Administration Ltd.						
‡103.2	Witan Investment	Ord. & "B" Ord. 25p	29/10/76	*1.65	x87.7	95.0	x14.0
‡18.3	Electric & General Investment	Ordinary 25p	29/10/76	1.1	82.5	84.4	14.6
4.7	Greenfriar Investment	Ordinary 25p	29/10/76	1.0	86.5	86.3	11.6
4.6	Mendip Investment	Ordinary 25p	29/10/76	1.05	77.2	84.5	11.1
4.8	Lowland Investment	Ordinary 25p	29/10/76	[illegible]	[illegible]	45.4	2.2
1.6	English National Investment Co.	Preferred 25p	29/10/76	1.5	26.3	26.2	[illegible]
	Do. Do.	Deferred 25p	29/10/76	1.1	30.4	37.9	—
	Philip Hill (Management) Ltd.						
15.0	City & International Trust	Ordinary 25p	31/10/76	3.3	x91.5	97.9	13.7
8.2	General & Commercial Inv. Trust	Ordinary 25p	31/10/76	3.85	123.2	134.2	17.3
‡17.0	General Cons. Investment Trust	Ordinary 25p	31/10/76	2.5	x76.3	80.1	10.1
88.4	Philip Hill Investment Trust	Ordinary 25p	31/10/76	5.75	x144.1	150.7	10.1
3.0	Moorgate Investment Co.	Ordinary 25p	31/10/76	2.35	59.1	56.2	2.5
31.0	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/10/76	6.45	212.9	225.5	38.6
	Ivory & Sime						
84.4	British Assets Trust	Ordinary 25p	29/10/76	1.6	65.1	70.0	10.4
29.4	Edinburgh American Assets Trust	Ordinary 25p	29/10/76	0.75	100.7	104.3	10.1
32.2	Atlantic Assets Trust	Ordinary 25p	29/10/76	0.4	89.4	86.7	17.7
12.1	Viking Resources Trust	Ordinary 25p	29/10/76	0.75	93.9	93.9	10.4
	Leopold Joseph & Sons Ltd.						
2.5	Anglo-Welsh Investment Trust	Ordinary 50p	29/10/76	1.0	xw36.1	w44.7	—
3.8	Leopold Joseph Investment Trust	Ordinary 25p	29/10/76	1.25	x27.0	68.5	—
3.3	Thanet Investment Trust	Ordinary 50p	29/10/76	2.4	w48.0	w33.1	—
	Keyser Ullmann Ltd.						
21.5	Throgmorton Trust	Ordinary 25p	30/10/76	3.825	41.7	46.3	—
7.5	Throgmorton Secured Growth Tst.	Cap. Loan Stk. £1	30/10/76	—	—	73.2	—
	Lazard Bros. & Co. Ltd.						
12.9	Embankment Trust	Ordinary 25p	□30/9/76	2.0	x84.8	80.2	14.0
43.9	Raeburn Investment Trust	Ord. Stock 25p	31/10/76	3.15	133.6	140.6	21.7
34.8	Romney Trust	Ordinary Stock 25p	31/10/76	2.15	x94.9	98.6	16.6
	Martin Currie & Co., C.A.						
8.8	Canadian & Foreign Invest. Trust	Ordinary 25p	31/10/76	2.9125	114.6	119.7	20.9
14.9	St. Andrew Trust	Ordinary 25p	31/10/76	3.3	115.7	122.5	19.2
77.7	Scottish Eastern Investment Trust	Ordinary 25p	31/10/76	3.0	132.1	139.9	23.9
20.4	Scottish Ontario Investment Co.	Ordinary 25p	31/10/76	3.35	138.2	141.3	36.7
46.3	Securities Trust of Scotland	Ordinary 25p	31/10/76	4.8	186.6	192.5	31.5
2.5	Western Canada Investment Co.	Ordinary 25p	31/10/76	13.0	550.0	567.5	94.6
	Murray Johnstone Ltd.						
37.4	Caledonian Trust	Ord. & "B" Ord. 25p	29/10/76	*1.4	ac79.4	ac84.0	ac15.6
56.3	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	29/10/76	*1.45	76.4	79.8	15.0
16.3	Glendevon Investment Trust	Ord. & "B" Ord. 25p	29/10/76	*1.4	95.0	101.1	16.8
5.3	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	29/10/76	*1.35	75.7	73.7	13.8
17.5	Scottish & Continental Investment	Ordinary 25p	29/10/76	0.6	w65.4	w65.4	w9.2
62.4	Scottish Western Investment	Ord. & "B" Ord. 25p	29/10/76	*1.8	94.5	100.3	18.4
20.5	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	29/10/76	*1.6	88.6	93.3	18.2
	Naydale Ltd.						
3.2	Simonside Investment Co.	Ordinary £1	29/10/76	0.7	x70.9	x71.9	x8.2
	Schroder Wagg Group						
‡16.2	Ashdown Investment Trust	Ordinary 25p	31/10/76	3.05	x134.3	143.5	21.6
	Do. Do.	Conv. Loan 1988/93	31/10/76	£4.75	£94.80	£100.50	£15.10
21.7	Broadstone Investment Trust	Ordinary 20p	31/10/76	3.65	x134.3	146.8	21.5
	Do. Do.	Conv. Loan 1988/93	31/10/76	£4.50	£90.70	£97.90	£14.30
‡37.0	Continental & Industrial Trust	Ordinary 25p	31/10/76	5.0	187.2	202.8	26.0
24.3	Trans-Oceanic Trust	Ordinary 25p	30/9/76	3.65	181.7	190.9	30.7
	Do. Do.	Conv. Loan 1988/93	30/9/76	£4.50	£113.60	£119.30	£19.20
10.4	Westpool Investment Trust	Ordinary 25p	31/10/76	2.35	x105.6	110.9	17.6
	Do. Do.	Conv. Loan 1989/94	31/10/76	£5.00	£95.80	£99.80	£15.80
	Stewart Fund Managers Ltd.						
53.3	Scottish American Investment Co.	Ordinary 50p	31/10/76	1.8	69.8	74.3	9.0
13.9	Scottish European Investment Co.	Ordinary 25p	31/10/76	1.1	44.9	44.9	3.6
	Touche Remnant & Co.						
66.9	Atlas Electric & General Trust	Ordinary 25p	29/10/76	1.3	48.6	52.0	4.9
22.7	Bankers' Investment Trust	Ordinary 25p	29/10/76	2.0	51.6	56.8	5.9
12.3	C.L.R.P. Investment Trust	Ordinary 25p	29/10/76	1.4	w61.3	w66.8	w7.4
22.4	Cedar Investment Trust	Ordinary 25p	29/10/76	2.1	60.8	68.1	7.0
24.0	City of London Brewery	Deferred 25p	29/10/76	2.1	42.8	47.7	1.6
23.0	Continental Union Trust	Ordinary 25p	29/10/76	2.3	111.0	118.1	15.1
129.2	Industrial & General Trust	Ordinary 25p	29/10/76	1.24	48.1	50.9	6.3
26.7	International Investment Trust	Ordinary 25p	29/10/76	2.0	w68.7	w74.9	w9.0
35.6	Sphere Investment Trust	Ordinary 25p	29/10/76	2.3	106.0	112.6	17.4
35.6	Standard Trust	Ordinary 25p	29/10/76	4.2	136.0	146.5	22.7
24.9	Trust Union	Ordinary 25p	29/10/76	2.2	96.0	101.8	11.8
45.1	Trustees Corporation	Ordinary 25p	29/10/76	3.4	123.5	130.5	12.6
	VALUATION THREE-MONTHLY						
72.3	Anglo-American Securities Corpn.	Ordinary 25p	15/10/76	2.35	108.1	115.8	20.3
2.0	Cumulus Investment Trust	Ordinary 25p	29/10/76	0.7	24.0	27.1	1.4
4.6	Kingside Investment Co.	Ordinary 25p	30/9/76	1.75	x42.8	43.9	1.3
14.3	London Electrical & General Trust	Ordinary 25p	30/9/76	2.5	89.3	94.9	10.4
25.6	London Scottish American Trust	Ordinary Stock 25p	29/10/76	3.575	139.6	148.5	24.2
6.8	Oil & Associated Investment Trust	Ordinary 25p	30/9/76	1.625	65.4	65.8	10.3
	Do. Do.	Conv. Loan Stock	30/9/76	£6.25	£147.40	£150.70	£21.00
7.2	Safeguard Industrial Investments	Ordinary 25p	30/9/76	3.1	60.6	63.0	—
45.1	United States Debenture Corporation	Ordinary Stock 25p	29/10/76	2.66	95.8	99.9	16.7
	Do. Do.	Conv. Loan Stock 1993	29/10/76	£5.00	£105.40	£109.90	£18.40
	Carliol/Tyneside Group						
10.7	Carliol Investment Trust	Ordinary 25p	30/10/76	2.75	130.9	138.5	25.0
	Do. Do.	Conv. Loan 1994/99	30/10/76	£4.50	£112.80	£119.10	£21.50
9.6	Tyneside Investment Trust	Ordinary 25p	30/10/76	2.75	125.0	131.9	23.4
	Do. Do.	Conv. Loan 1994/99	30/10/76	£4.50	£108.40	£113.40	£20.10
	East of Scotland Investment Mngrs.						
†	Aberdeen Trust	Ord. Stock 25p	30/9/76	†	†	†	†
9.7	Dominion & General Trust	Ordinary 25p	31/8/76	5.8	205.5	217.4	31.9
22.8	Pentland Investment Trust	Ordinary 25p	31/8/76	2.85	119.3	124.4	18.4
	Kleinwort Benson Ltd.						
20.0	British American & General	Ordinary 25p	29/10/76	1.3	x37.7	39.2	5.0
32.6	English & New York	Ordinary 25p	29/10/76	2.1	74.9	77.5	18.0

* Applies to Ordinary "A" Ordinary only. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. † Company will announce year-end or interim results shortly. x, w See note (h) below. □ Valuation Two-monthly. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Col. 7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks and warrants or subscription rights are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as exercised, except where a figure is marked "w".

AITC

A booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London, EC2M 7JJ.

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MINING NEWS

Autumn double from Selection Trust

BY KENNETH MARSTON, MINING EDITOR

VIRTUALLY doubled turnover and earnings for the past six months to September 30 are reported by London's Selection Trust mining finance group. Net profits for the period of £3.96m., equal to 13.6p per share, compare with £2.08m. a year ago and the total for the full year to last March of £6.07m.

The latest interim dividend is unchanged at 5p net, but it is being paid on a capital increased by 3.8m. shares to 29m. shares as a result of the £20m. rights issue made earlier this year and the subsequent cash and share offer for the Alexander Shand (Holdings) U.K. contract coal mining and civil engineering group.

Major contributions to the latest increase in earnings will have come from the Shand group, the stake in the K/13 North Sea gas operation and the better performances achieved by the Amari metal stockholding business and the Mount Newman iron ore operation in Western Australia. But the net effect of the fall in sterling on pre-tax profits of Selection Trust is stated to have been minimal.

No dividends were received from the holding in the Tsumeb base-metal operation in South West Africa or the Ghana and Sierra Leone diamond interests. It is possible that some revenue from these sources may accrue in the current half-year but there is no major new factor to suggest that overall earnings of the group will be much different from those of the first half.

At the same time, there is clearly scope for a further increase in the final dividend, subject to U.K. dividend restriction requirements. Meanwhile, Selection Trust is well placed for the future with two new mining ventures (Agnew nickel in Western Australia and the Canadian Detour copper-zinc-silver-gold prospect) and must have high hopes of its exploration with MIM Holdings at the Teutonic Bore copper-zinc-silver find in Western Australia. Selection Trust rose 5p to 393p yesterday.

WMC has big copper find

A LARGE copper deposit in a previously unexplored area of central South Australia has been found by the Melbourne group, Western Mining. The discovery is near the opal mining centre of Andamooka on the Olympic Dam prospect close to the Roxby Downs Station.

Our Sydney correspondent reports that the Western Mining chairman, Mr. Arvi Parbo, told shareholders at yesterday's meeting, "It is clear that a very large body of copper mineralisation has been discovered, but a great deal more drilling will be necessary to establish the extent and grade of the occurrence."

So far eight vertical diamond drill holes have been completed at widely spaced intervals, and Mr. Parbo said, "The rock types and nature of the mineralisation are sufficiently similar to suggest continuity of the mineralisation."

Among the intersections was one of 82 metres grading a modest 1.02 per cent. copper and another of 88 metres grading 2.41 per cent. copper. Within the latter there was a section of 16 metres at 3.42 per cent. and another of 10 metres at 4.38 per cent. The mineralisation was found at depths of around 350 metres.

Western Mining's main operations have been focussed on nickel and Mr. Parbo said that stocks at the end of June were more than twice normal requirements, but the policy of financing them would continue "to the extent financial resources permit."

He disclosed that the company was planning to start uranium production from Yeelirrie in Western Australia at a rate of between 2000 and 3000 tonnes of uranium oxide a year in the 1980s. But Mr. Parbo is waiting for the recommendations of the Fox Commission, like the rest of the industry. The shares were 145p yesterday.

Randsel setback

LOWER net earnings of R37.6m. (£26.3m.) for the year to Sept. 30 are reported by Rand Selection, the Anglo American Corporation group's major investment company. The 1974-75 total of R48.1m. covered only six months' results of South African Townships.

Rand Selection is declaring a final of 35 cents (24.5p) to make a total of 65 cents, out of earnings of 80.1 cents per share. The previous year's total was 75 cents. On the latest occasion R10m. has been set aside against the investment in the currently suspended Tenke-Fungurume copper venture in Zaire.

During the past year Rand Selection's gold mining dividend income has fallen: prospecting costs have risen; increased provision has been made against the fall in the general value of investments; and less dividend revenue has come from the life assurance interests which have retained a greater proportion of their surpluses for the financing of new business in view of the prevailing difficult financial conditions.

At this early stage in the current financial year it is difficult to attempt any earnings forecasts. But a further fall in gold income seems to be inevitable unless there is a major upswing in the bullion price while the insurance interests seem unlikely at the moment to alter their conservative attitude to dividend distributions. The shares were 450p yesterday.

PEACE RETURNS TO IMPALA

Peaceful conditions have returned to the Wildebeestfontein mine of the Union Corporation's Impala Platinum following fighting which caused the death of nine black employees at the week-end. The company states that there has been "a rapid return to normal."

About 2,300 men reported for work at the morning shift yesterday, but the full complement is some 4,000 men. On Wednesday it was reported that about 1,000 men had walked out of the mine, in defiance of their service agreements. Yesterday, however, Union Corporation stated that it was difficult to determine the number of men who had returned home because no formal resignations were made.

"The company added: "It will be difficult to replace the men who have returned to their homes until early in 1977." Earlier in the week, Impala felt that the walk-out would not significantly affect production, and, presumably, the mine management will be able to minimise any labour shortage by concentrating on production at the expense of development work.

MIM's mixed fortunes

THE FALL in metal prices over recent weeks has damaged hopes at Australia's MIM Holdings of breaking out of what the chairman, Sir James Foots, calls the "three-year down-trend in earnings." He told the annual general meeting, "I do not have the confidence to make a forecast of this year's earnings based on the results for the first quarter."

There was a sharp recovery in the three months to September 26 when net profits were $11.17m. (£8.28m.) against $4.99m. in the same period of 1975. Earnings for the whole of the 1975-76 year were $22.8m.

Sir James said, "The trend in the lead price has weakened and the price of copper has declined dramatically. Compared with the Australian price of $1,320 a tonne at June 30, the present copper price is $1,020 (£765)."

MIM's fortunes are mixed, according to Sir James. He is worried about taxes and costs. Rail freights are increasing and "the cost of moving copper from Mount Isa to Townsville is now more than the cost of moving it from Townsville to Europe." Mount Isa and the Townsville refinery are about 500 miles apart as the crow flies. The Queensland mineral royalty allows no compensation for higher costs of production.

On the plus side, the performance of the MIM workforce in 1976 "was better than ever," and there was an encouraging upward trend in productivity. Further the Federal Government recognises the industry's position on tax matters.

MIM is finding investment opportunities in Western Australia. Sir James listed the go-ahead for the Agnew nickel project, involvement in the Mount Goldsworthy iron ore project and the copper-zinc discovery at Teutonic Bore. MIM were 205p yesterday.

Battle at Sime Darby meeting

A major confrontation between the British directors of Sime Darby and Pernas, the Malaysian State-owned concern, over control of the management of the company appears certain at the annual meeting in Kuala Lumpur to-day unless Sime Darby's chairman, Mr. James Bywater, succeeds in last minute efforts to strike a compromise. Pernas is thought to own at least 10 per cent. of Sime Darby and to be in a position to influence even more voting power.

Mr. Bywater met the Governor of Malaysia's central bank, Mr. Tan Sri Ismail Ali yesterday, and had further talks with Mr. Junus Sudin, the chairman of Pernas Securities, in an attempt to persuade them to drop their efforts to get three new directors voted on to the Sime Darby Board.

Rothputra Nominees, an associate company of Bank Bumiputra, and in which City merchant bankers N. M. Rothschild and Sons has an interest, has forwarded the resolution nominating three prominent South-East Asian business personalities.

If the resolution is pushed through, there will be seven non-British directors in the 12-member Board, a move that is widely regarded as the first step by Malaysian shareholders to gain control of Sime Darby.

Over the past few days both sides have been engaged in an intensive search for proxy votes to boost their positions. And in this, the votes of the Overseas Chinese Banking Corporation may prove crucial. But the Singapore-based bank and its affiliates, which hold some 10 to 12 per cent. of the shares, is in the position of having to decide on whether or not to support the British management in Sime without giving offence to the Malaysian authorities.

BIDS AND DEALS

Booker offers £10.75m. cash for Kinloch

Booker McConnell, whose interests range from engineering to food, agriculture and shipping, is hoping to expand its wholesale and food distribution interests through a £10m takeover bid for Kinloch (Provision Merchants). The offer—200p cash per share—is not agreed but is conditional on the support of the Kinloch Board. Booker already has an 8.65 per cent. stake in Kinloch.

News of the offer came well after market hours. The shares of Kinloch had closed 5p higher at 135p (only 5p beneath the peak for 1976) while Booker ended 3p up at 107p. Booker confirmed that the bid was hurried out after it had been advised that there had been "unnatural activity" in the Kinloch share price. Booker has apparently been interested in this situation for some months.

The acquisition is seen as being particularly attractive because Kinloch's strength is in the delivered trade while Booker is strongest in cash and carry. The two operations are also complementary on a geographical basis.

Kinloch has a good record of profits growth stretching back for at least nine years. Profits have risen from £414,000 in 1968 to £2.1m for the year ending October, 1975. The group expects that figure to be beaten this year. Net tangible assets of Kinloch at October 25, 1975, were £4.8m. although the Kinloch directors estimated that freehold and leasehold properties exceeded balance sheet values by some £3m.

The cash consideration will be met out of Booker's own resources plus the use of an unutilised six-year loan facility.

The latest bid is Booker's second this month. It made a surprise £2.1m bid for Central Wagon, an engineering and steel stockholding group.

See Lex

CHARTERHALL FINANCE

Charterhall Finance Holdings has agreed with Norminol A/S of Andenes, Norway, to acquire, subject to the approval of the relevant authorities, Norminol (U.K.) for some £250,000 cash.

Norminol (U.K.) is directly concerned in exploration in U.K. offshore areas and its main asset is a one-third of one per cent. working interest in licence P.241, covering Blocks 21/1 and 21/6, North Sea. The Buchan Field is located in Block 21/1. Norminol A/S has agreed to provide Charterhall with advisory services in respect of these interests.

Norminol (U.K.) is not expected to produce revenue until the Buchan Field is brought to production.

LONRHO OFFER FOR L. C. AND W. PREF.

Lonrho said yesterday that it intends to make an offer for the Preference capital of London City and Westcliff Properties at the same time as the 22p cash offer announced last week for the Ordinary shares it does not already own.

The Preference offer will be 33p cash for each 4.2 per cent. net (formerly 6 per cent. gross) £1 share. Lonrho does not own any Preference shares.

The formal offer will be contained in the documents to be issued by Keyser Ullmann for Lonrho as soon as possible. The executive directors of LC and W issued a similar holding statement on the Preference share offer as they had on the Ordinary offer.

Advised by Barclays Merchant Bank, the executive directors advise shareholders to take no action in respect of either offer. Having seen the offer documents, they will write to shareholders when they have been "able to consider the adequacy of the of the offer in relation to the value of the assets."

CRANE'S SCREW SAYS ACCEPT

The direcors of Crane's Screw (Holdings), having again sought the advice of their stockbrokers, Albert E. Sharp, regarding the offer by Armstrong Equipment, are advised that the offer is fair and reasonable. Taking all factors into account the directors are of the same opinion and therefore advise both Ordinary and Preference shareholders to accept. Mr. Evans (a director) has already given an irrevocable undertaking to accept the cash offer in respect of his holding of 32,100 Ordinary shares and intends to accept in respect of his holding of 200 Preference. All the other directors intend to accept the cash offer in respect of 476,353 Ordinary shares (19.1 per cent. of the enlarged Ordinary capital).

RIT SALE

Rothschild Investment Trust has reached agreement with N.V. Beleggingsmaatschappij Wereldhave, a quoted Dutch property company, for Wereldhave to acquire the capital of RIT's subsidiary, RIT Dutch Properties Holding BV, and all Holding's wholly-owned subsidiaries owning the balance of RIT's European property portfolio with the exception of 72, Rue Regnault, Paris.

A contract has been signed which, subject to necessary consents, is expected to be completed on December 13. Consideration is DFls.6.9m. cash (£1.64m.), plus an amount reflecting the consolidated net current assets of Holding as at September 30. After deducting expenses RIT stated that the price will represent a small surplus over RIT's book value.

BIRMINGHAM AND MIDLAND

Birmingham and Midland Counties Trust has placed its 15 per cent. stake in Westminster and Country Properties, which it acquired from FNFC as a "long term investment" and its representative Mr. G. Ferguson Lacey has resigned from the Board.

LAMPA SECS.

The offer by Q. S. T. Industrial for Lampa Securities has lapsed. Q.S.T.'s total holding is 28.43 per cent. of Lampa's capital.

£2.82m. upsurge at Intl. Paint

COURTAULDS SUBSIDIARY International Paint reports an advance in pre-tax profit for the half year to September 30, 1976, from £7.04m. to £9.86m. on sales up from £79.22m. to £106.48m. The profit is struck after interest cut from £330,000 to £76,000. Tax for the half-year was £4.06m. (£2.74m.), leaving £5.81m. (£4.3m.)

Interim dividend is lifted from 2.533p to 2.786p net per £1 share. Total last year was 8.867p from profits of £15.33m.

The directors state that costs are expected to increase further in the second half. The company's cash position weakened slightly in the face of markedly higher working capital requirements.

● comment

Overseas sales have once again provided the main impetus behind International Paints' profits growth. The interim pre-tax level has jumped by roughly two-fifths on a 34 per cent. rise in sales. Moreover, even in the U.K. the main boost has come from export sales which account for about 36 per cent. of home production. There are signs in the second half that upturn is beginning to falter. Among the group's overseas markets Australasia, Canada and Brazil are becoming increasingly sluggish and, with material costs keeping margins under heavy pressure, second half profits are unlikely to equal those of the first. All the same, the group should still make around £18m. pre-tax for the year and this would cover the maximum dividend, yielding a prospective 5.5 per cent. at 275p, almost 7¾ times.

0.65p dividend from Peak Investments

Peak Investments has turned in a reduced profit of £150,578 for the year ended May 31, 1976, against £223,370.

Turnover was down at £4.14m. (£4.64m.). Earnings per 10p share, before extraordinary credits of £11,936 (debits £223,689), were lower at 1.79p (2.79p).

The final dividend is 0.15p net per 10p share, making a total of 0.65p. No dividend was paid in the last two years.

The directors state that the fall in profits was accounted for by the poor performance of the caravans and components division due to industrial action but, the setbacks aside, the group is in the process of achieving substantial growth, particularly on the electronics side where a large proportion of sales is overseas.

Delays in launching a new infra-red intruder detector affected the year's results in the electronics division where profit was little changed at £97,000 (£93,000). These problems have now been overcome.

The property division improved its return with profits up at £176,000 (£135,000).

	1976 £	1975 £
Turnover	4,143,231	4,635,[illegible]
Trading profit	353,620	441,35[illegible]
Interest	203,051	217,95[illegible]
Pre-tax profit	150,578	223,370
Taxation	12,139	7,1[illegible]
Net profit	138,439	216,2[illegible]
Minorities	1,594	3,8[illegible]
Extraord. credits	11,936	*[illegible]
Leaving	148,811	†13,74[illegible]
To capital reserve	11,936	—
Retained	97,297	†12,79[illegible]

* Debits † Loss

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

BASF keeps up recovery

BY GUY HAWTIN

FRANKFURT, Nov. 18.

BASF has maintained its steady recovery through the first three quarters of the year. Its performance so far has shown a substantial imprvement on that of last year, but profits are still below 1974's record levels.

Professor Matthias Seefelder, the chemical concern's chief executive, has claimed, somewhat modestly, that the executive Board's expectations have not entirely materialised. But with the world's industry recovering rather more slowly from the recession than originally anticipated, BASF's executive Board have no great grounds for discontent.

Group turnover during the first nine months rose by 18.7 per cent. from DM13.4bn., at the end of the comparable period of 1975, to DM15.6bn. (£3.9bn.). Turnover of BASF AG, the West German parent concern, showed an improvement of 18.9 per cent., moving up from DM6.19bn. to DM7.36bn. (£1.84bn.).

If the percentage increase in sales has slackened from the position at the end of the first half—group turnover was up 19.6 per cent., while the parent's was up 19.4 per cent.—profits at the end of the first three quarters have generally maintained their improvement.

Group pre-tax profits, up 69.8 per cent. at the end of the first six months, were, on completion of the first three quarters 100.2 per cent. ahead at DM709m. (£177.3m.). The pre-tax profits of BASF AG did not hold up so well. At the half way point they were 117 per cent. up at DM460m., while by the end of the nine months they were ahead by 101.45 per cent. at DM659m. (£164.8m.).

Referring to the parent concern, Professor Seefelder said that after a downturn in April and May, domestic sales had shown an increase in demand which brought them close to 1974 figures. Exports, although well above those of 1975, had been giving cause for concern.

Exports in the third quarter had shown a declining rate of improvement. In the third quarter they had risen by only 15.8 per cent. although this had been offset by a 20.5 per cent. improvement in domestic turnover.

With foreign sales accounting for some 54.4 per cent. of BASF AG's turnover, the executive Board's concern on the export front is understandable. Prof. Seefelder said that it was being aggravated by the commercial policies—either being mooted or actually introduced—in certain industrial countries in an attempt to deal with fiscal or political difficulties.

Countries with underdeveloped economies were also giving cause for anxiety in that their growing debt burden left BASF with little scope for increasing trade.

The continued currency uncertainty has also been causing problems. Dr. Ernst Denzel, the director of finance, pointed out that earnings had been hit by the fluctuating values of the pound, the lira and the French franc.

Dr. Denzel said that about 70 per cent. of BASF AG's exports went to Europe and by the mid year were 23.9 per cent. up on the same period of 1975. In the second quarter alone, the increase was 33.4 per cent. Sales to Britain, France and Italy had been unexpectedly high and some 40 per cent. of the parent's exports were shipped to these three countries.

On currency problems, Dr. Denzel said: "These problems . . . have not been solved by the recent revaluation of the D-mark with respect to the other currencies of the 'snake.' These measures entail weakening our viability and affect above a seventh of BASF AG's sales."

Air France expects to cut deficit to Frs.220m.

AIR FRANCE will probably make an operating deficit of between Frs.200m. and Frs.220m. this year, compared with last year's deficit of Frs.354m., Reuter reports from Paris.

Chairman Pierre Giraudet told a Press conference the state airline intends to reduce its deficit over the next two years, breaking even by 1979.

Operations of the airline's Concorde supersonic aircraft are expected to produce a deficit of Frs.170m. this year.

Wagons-Lits hopeful

HIGHER profits at Compagnie Internationale des Wagons-Lits et du Tourisme SA for all 1976 should follow the higher first-half turnover, managing director Jacques-Bernard Dupont said in Brussels, reports Reuter.

He told a Press conference that nine months figures are not yet available, but sales and profits continued to rise from the first half.

The company said last September that turnover in the railway, catering and hotel sectors in the first six months rose about 10 per cent. to Frs.3.59bn. For 1975, net profit was Frs.20.63m. on sales of Frs.6.8bn. in the three divisions.

Rousselot purchase

ROUSSELOT SA, makers of synthetic adhesives and gelatines, announced on Thursday that it has acquired all the assets of Peter Cooper Corporation of the U.S., a similar concern, reports AP-DJ from Paris.

The company said the purchase required an investment of $22m. of which $6m. were raised through loans on the U.S. capital market.

With Peter Cooper, Rousselot now controls two subsidiaries in the U.S. Its other unit—Rousselot Corporation—markets Rousselot's European-manufactured products in the U.S.

Rousselot said it expects its consolidated turnover to attain Frs.1.2bn. in 1977, of which 20 per cent. will be realised in the U.S.

Perkin-Elmer record

PERKIN-ELMER Corporation, the scientific instrument manufacturer has reported record first quarter sales and profits.

Net sales for the first quarter ended October 31 were $85.3m. This was a 12 per cent. increase over sales of $76.18m. in the same quarter a year ago.

Net income for the quarter of $4.79m. was 27 per cent. above the prior year's first quarter net income of $3.785m. and was equivalent to 25 cents per share compared with 20 cents per share the year before.

Income before taxes was $9.12m, or 25 per cent. above income before taxes of $7.315m the year before.

AMERICAN NEWS

NBC law suit settled

BY JAY PALMER

NEW YORK, Nov. 18

THE U.S. Justice Department has won what appears to be a major victory in its continuing struggle to place restrictions on the alleged anti-trust activities of the largest U.S. television broadcasting companies.

The National Broadcasting Company (NBC), one of the three TV network giants, yesterday signed a consent decree ending its long civil lawsuit with the Government. The terms of this pact will ultimately place sweeping new restrictions on NBC's operations.

However, only a relatively small number of less controversial restrictions will come into effect immediately. Most of the key provisions and major new restrictions will not be implemented until and unless the Government resolves along identical lines its ongoing suits against CBS and the American Broadcasting Company.

To-day it is evident that neither of these two broadcasting companies are going to accept NBC's move as a precedent. Both companies issued strong statements condemning the NBC settlement terms as anti-competitive and both insisted that they have no intention of settling.

The NBC-Justice Department pact would limit the number of hours each week that the broadcasting company can use to show its own in-house produced programmes. It would also ban the network company from forcing independent programme producers to give up certain rights to get air time and place severe restrictions on the extent to which the network giants can take financial stakes in independent productions.

The Government case basically alleged that the three giant network companies effectively monopolised prime-time television with programmes that they had either produced themselves or in which they had a sizeable financial interest. The companies were accused of using their "control of access" to restrict competition from independent producers.

The Justice Department's original suit against the companies was filed in 1972. These suits, however, were thrown out on technicalities after the network companies alleged that the Nixon Administration had inspired them in retaliation for unfavourable Watergate coverage. The suits were restarted in 1974 after President Ford took office.

Woolworth profits up despite exchange loss

F. W. WOOLWORTH recorded a $18.856m. profit in third-quarter 1976 against $8.085m in the 1975 quarter on sales of $1.257.658m. ($1.124.484m.), AP-DJ reports from New York.

This brought the nine months earnings to $48.727m or $1.59 a share ($39.318m. or $1.28) on sales of $3.568.884m. ($3.182.635m.).

Earnings for the quarter and nine months were increased about $3.3m. or 11c a share by tax savings effected through a change in the tax year of a foreign subsidiary. Third quarter net income allows for a $603.000 foreign exchange loss in 1976 and a $2.209m loss in 1975. The nine months net income allows for a net foreign exchange loss of $4.834m in 1976 and a foreign exchange gain of $11.184m. in the 1975 nine months.

Corporate profits rise by 14%

THIRD quarter after-tax earnings of leading U.S. companies rose about 14 per cent. above the 1975 level, indicating growth is slowing to a more sustainable pace, Citibank says in its latest quarterly survey.

This follows a 34 per cent. increase in first half 1976 over the 1975 period among the 1,448 companies surveyed, and Citibank comments: "This indicates the period of easy gains in profits in this recovery is over."

Further increases in earnings are expected in the remainder of 1976 and throughout 1977, but they will be mainly due to expanded unit sales and close attention to costs and efficiency, it adds.

Year-to-year increases among the 958 manufacturing corporations surveyed slipped from 57 per cent. in first quarter 1976 to 35 per cent. in the second and 13 per cent. in the third indicating, says Citibank, that the ability to increase earnings is becoming more selective. Eight industries showed profit gains double or triple the manufacturing average—led by textiles (up 74 per cent.), automobiles (72 per cent.), electronics (42 per cent.), and aerospace (41 per cent.). Among the poorer performers, rubber dipped 54 per cent. largely due to a 130-day strike.

In the non-manufacturing sector where year to year increases averaged 18 per cent., the only decline was in wholesale and retail trade, reflecting disappointing third quarter sales.

Citibank sees the slowing down in profit growth as an adjustment after the untenably high growth of first quarter 1976 rather than a pointer to sharp earnings drops, and suggests a firm base has been established for a growth until the end of 1977.

American Distilling

AMERICAN DISTILLING reported improved profitability for fiscal year 1976, despite a decline in sales volume.

For the 12-month period, ended September 30, net income was $1.8m., or $1.21 a share, which includes an extraordinary tax credit of $510,000, or 33 cents a share. This compares with a net loss in 1975 of $5.4m. or $3.85 a share which included a provision for non-recurring adjustments (net of tax benefit) of $4.3m. Sales in 1976 totalled $115.8m. while sales in the preceding year amounted to $141.4m., reports UNS.

Saint-Gobain sales rise by 12%

PARIS, Nov. 18.

AT A MEETING of security analysts, Mr. Roger Martin, Chairman of Saint-Gobain-Pont-à-Mousson commented on the present situation of the Group and the outlook for the immediate future, reports the company.

He said that net consolidated sales for the nine months to September 30, amounted to Frs.17bn. compared with Frs.15bn. for the corresponding period, an increase of 12.7 per cent. The breakdown of sales by operating division showed only insignificant changes in comparison to the figures published for the first six months of this year. Growth in sales continues to derive primarily from the construction materials division (plus 27 per cent.) and to a lesser degree, from the packaging division (plus 18 per cent.).

By country, the increase was 9 per cent. in France, nearly 15 per cent. in Germany, 18 per cent. in Spain, and 25 per cent. in South America.

Since the Group acquired a majority holding in Certain-Teed Corporation (U.S.) in September, this company will be consolidated for the first time in the Group's financial statements in 1976. Certain-Teed has previously been shown as an equity holding in the consolidated accounts. It is also planned that Glaceries de Saint Roch should be consolidated for the first time this year. This company has operations in Belgium, Germany and the Netherlands. The group's holding falls just short of a majority stake.

As a result of these decisions, net consolidated sales for 1976 should reach approximately Frs.28bn. compared with Frs.21.2bn. in 1975.

These changes in the consolidation plan will have a significant impact on major items in the financial statements, in particular in respect of cash flow and operating income. However, as these changes will only become effective toward the end of the financial year, they will have very little impact on net consolidated income, which was Frs.282m. (Frs.10.03 per share) for the first six months of 1976.

"It seems rather unlikely," indicated Mr. Martin, "that we will be able to double this figure for the whole year. But we may reasonably assume that, unless there are significant variations in monetary parities, we shall not be very far from doing so."

Australian Exchanges trading plan

By James Forth

SYDNEY, Nov. 18.

MEMBERS of the Melbourne and Sydney Stock Exchanges will meet next month to decide on proposals for establishment of a joint committee with rule-making authority for reciprocal trading by members of both Exchanges. Approval would represent a major step towards a National Stock Exchange. The smaller Exchanges in other states are waiting on the Melbourne-Sydney decision and if it is in favour of a joint approach they are expected to follow suit.

The meeting will be held on December 8. If the stockbrokers agree they will be able to trade on the floor of both Exchanges. At present members of one Exchange must operate interstate through a member of the other Exchange.

In a circular to members, the Melbourne Exchange said the proposals for common access would produce a more efficient market and the joint committee would facilitate the development of a cohesive policy making body for members of both Exchanges. If the meetings agree both Exchanges will have identical articles and will pass certain of their existing powers to the joint committee.

Melbourne Exchange recently proposed to go ahead with plans to offer common access to interstate brokers without waiting for Sydney, but cancelled after strong protests from Sydney that such a step would destroy chances of achieving a uniform approach.

Kubota forecasts

KUBOTA has forecast its net profit for the current year ending April 15, 1977 at between Y22 and Y23bn. (Y20.88bn. last year) on estimated sales of Y460bn. (Y410.08bn.), Reuter reports from Osaka.

President Keitaro Hiro told a Press conference that he hopes to declare an unchanged Y7.50 per share, 15 per cent., dividend this year.

Air Siam chief resigns

BY RICHARD NATIONS

BANGKOK, Nov. 18.

THE RESIGNATION of Air Siam managing-director, Mr. Virachai Vannakul, announced to-day, could indicate the beginning of the end for this maverick among Asian commercial airlines whose price-cutting led to confrontation with Britain earlier this year.

Mr. Virachai was widely considered the best of Air Siam's otherwise slender assets and his replacement by Mr. Vival Vichit-Vadakan follows a series of blows stemming from the military coup last month. Air Chief Marshal Kamol Dejutunkha, second in command in the 24-man military alliance which seized power on October 6, is also head of Air Siam's rival, the national flag bearer Thai International.

Once in power, Mr. Kamol lost no time in settling Thai International's old score with Air Siam. Air Siam's key supporters in the Communications Ministry and elsewhere in the bureaucracy were purged, and the Government cancelled Air Siam's arrangement to lease a DC-10 to Air Ceylon for the Colombo to Zurich run.

This was apparently welcomed by commercial aviation heads in Europe, who feared Air Siam would soon begin cutting prices on the Europe-Asia run as it had on the Bangkok-Hongkong leg of its Japan-U.S. run. "The prices Air Siam was planning to Europe were ridiculously low and would have affected the whole of European aviation," a Western diplomat here said.

For Air Siam, however, the Government action was a staggering blow which banished hopes of the long-pursued European route and left one of its valuable DC-10's grounded and losing revenue daily.

EUROBONDS

LTC of Japan issue

BY TONY HAWKINS

THE LONG-TERM Credit Bank of Japan is to make a $25m. 5-year floating rate issue in the Eurobond market. The indicated coupon is ¾ per cent. above Libor (London Interbank rate offered rate) with a minimum of 6¼ per cent. First Boston (Europe) is lead manager and the international underwriting group includes Credit Lyonnais, Bankers Trust International, Chase Manhattan, Commerzbank, Manufacturers Hanover and UBS (Securities).

The Long-Term Credit Bank of Japan is the seventh largest bank in Japan engaged principally in the provision of long-term credits to finance capital investment. The notes will be formally priced and offered on December 1.

In the deutschemark sector, Fuji Heavy Industries of Tokyo is to undertake a private placing of DM30m. five-year notes on an indicated coupon of 7 per cent. priced at slightly under par, according to the lead manager, Bayeriche Vereinbank. Final conditions will be announced on November 24.

The DM100m. European Investment Bank eight-year issue (average life 6¾ years) was priced yesterday at 99¾. But the coupon was again reduced to 6¾ per cent. from 7 per cent. announced earlier this week and 7¼ per cent. originally indicated. This gives a yield to maturity of 6.89 per cent. and marks an important breakthrough in the DM sector as this is the first time that a coupon has been set below 7 per cent. in recent years.

A new DM60m. issue is expected to be announced to-day with the borrower being the Industrial Mortgage Bank of Finland.

Firmer conditions continued in the dollar sector again yesterday and Quebec issues continued their gentle recovery. The OKI Electric Industry $15m. 5-year bond issue priced at par this week traded at 99¼/99¾ which was regarded as a satisfactory debut. The Province of Nova Scotia 8 per cent. $C30m. bond issue was priced at par and will be traded in the secondary market to-day.

BONDTRADE INDEX

	Thursday	Wednesday
Medium	101.44	101.46
Long	92.92	92.88
Convertibles	104.53	104.53

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1985	104½	103
Australia 8½pc 1991	99	99½
Bowater 9½pc 1990	102½	103½
Canadian N. Rwy. 8½pc '86	99½	100½
C.N.E. 9½pc 1985	100½	101½
Denmark 8½pc 1984	[illegible]	99½
E.C.S. 8½pc 1986	101½	102
E.I.B. 9½pc 1986	98	99½
Eraph 9½pc 1985	102½	103½
Esso 8pc 1986 Nov.	102½	103½
Eurofima 9½pc 1985	100½	101½
Granges 9½pc 1985	102	103½
I.S.E. Canada 9½pc 1986	103½	104½
Massey Ferguson 9½pc 1991	104	104½
Michelin 9½pc 1986	101	101½
Motor 9pc 1986	97½	98
Nat. Westminster 9pc 1986	99½	100
Newfoundland 9½pc 1998	100½	101½
Norpipe 9½pc 1986	101½	102½
Norsk Hydro 9pc 1991	100	100½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	97½	98½
Prov. Quebec 9pc 1984	101½	102½
Quebec Hydro 9½pc 1986	97½	98½
Prov. Saskatchewan 8½pc 1986	100½	101½
Standard Oil (Ind.) 8½pc '86	103½	104½
Svenska Handels 9½pc 1986	102½	103½
Volvo 9½pc 1985	102	102½
NOTES		
Australia 8½pc 1982	100½	101½
Australia 8½pc 1984	100½	100½

	Bid	Offer
E.C.S. 8½pc 1981	101½	102½
E.E.C. 8½pc 1982	99½	100½
Kockums 8pc 1983	97½	98½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	99½	100½
Nacional Financiera 10pc 1981	101½	102½
Nat. Coal Board 8½pc 1981	99½	100½
New Brunswick Prov. 8½pc 1983	101½	102½
New Zealand 8½pc 1980	99½	100½
Nippon Fudosan 8pc 1981	98½	99½
FLOATING RATE NOTES		
B.F.C.E. 6½pc Min. 1983	98½	99½
O.K.B. 6½pc Min. 1982	100	100½
Bk. Tokyo Hldg. 6½pc Min. 1981	100½	100½
Midland Bank 7½pc Min. '83	100½	101½
D. MARK BONDS		
Beecham 8pc 1985	101½	102½
Den Danske Bk. 8½pc 1986	101½	102
Giro Vienna 7½pc 1983	100½	101½
New Zealand 7½pc 1986	104½	105
Pemex 8½pc 1983	99	100½

Source: White Weld Securities, London

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81½	83½
Ashland 5pc 1988	93½	95½
Beatrice Foods 4¼pc 1992	100½	102½
Beatrice Foods 4½pc 1992	117	119
Borden 5pc 1992	101½	103½
Broadway Hale 4½pc 1987	78½	80½
Canon Camera 7½pc 1989	183	—
Carnation 4pc 1987	92½	94½
Chevron 5pc 1988	108	110
Dart 4½pc 1987	94	96
Eastman Kodak 4½pc 1988	104	106
Economic Labs. 4½pc 1987	77	79
Fed. Dept. Stores 4½pc '85	118	120
Firestone 5pc 1988	80½	85½
Ford 6pc 1986	95	97
Ford 5pc 1988	84	86
General Electric 4¼pc 1987	89½	84½
Gillette 4¾pc 1987	71½	73½
Gould 5pc 1987	87	89
Gulf and Western 5pc 1988	88½	90½
Harris 5pc 1992	93	95
Honeywell 6pc 1986	82½	84½
ITT 4½pc 1987	76	78
Komatsu 7½pc 1990	99	101
J. Ray McDermott 4¾pc '87	138½	140½
Mitsubishi Elec. 7½pc 1991	101	102½
Mitsui 7½pc 1990	101½	103
J. P. Morgan 4½pc 1987	107½	109½
Nabisco 5½pc 1988	94½	95½
Owens Illinois 4½pc 1987	112½	114½
J. C. Penney 4½pc 1987	84½	86½
Pioneer 6½pc 1989	277	—
Raymond 8½pc 1993	102	105
Revlon 4¼pc 1987	110	112
Reynolds Metals 5pc 1988	95½	97½
Sperry Rand 4¼pc 1987	94½	96½
Squibb 4¼pc 1987	77	79
Texaco 4½pc 1988	77	79
Toshiba 6½pc 1990	107½	105
Union Carbide 4½pc 1982	102	104
Warner Lambert 4½pc 1987	79	81
Warner Lambert 4½pc 1988	76	78
Xerox 5pc 1988	77	78

Source: Kidder, Peabody Securities.

Arbitration seminar

By A. H. Hermann

THE TECHNIQUES of international commercial arbitration will be the subject of a seminar at the Paris headquarters of the International Chamber of Commerce from November 22 to 26. This will be the second international seminar arranged by the ICC which has accumulated a unique fund of experience in this field over the past 50 years. Though international contracts nearly always include an abritration clause, a surprisingly large number of these clauses is still badly worded. When it comes to arbitration, the choosing of an arbitrator and the opening of proceedings often presents problems due to unfamiliarity with the rules and instituitons.

The ICC seminar next week has been planned to give legal experts and businessmen an opportunity to become more familiar with arbitration by a series of lectures and practical exercises. It will be addressed by leading practitioners and mock arbitration proceedings will be held on four out of the five days of the seminar.

INTL. FINANCIAL AND COMPANY NEWS

THE BATTLE FOR THE IRVINE RANCH

Bidders on the carousel

BY ART GARCIA IN SANTA BARBARA

AT A TIME when some major American companies are shedding their land development ventures and preparing to take huge write-offs a bidding war nearing $300m. has exploded around the Irvine Company, owner of America's biggest real estate project, the Irvine Ranch in California. The price has been pushed from a $200m. bid by Mobil Oil Corporation two years ago to a new round of mushrooming offers. The prize: 83,000 rolling coastal acres which take up nearly 20 per cent. of Orange County, California's fastest-growing county in the path of populous Southern California's expansion.

The Irvine pocket between Los Angeles and San Diego is three times the size of San Francisco and five times as large as Manhattan. Originally formed from two Mexican ranches and a Spanish land grant, the Irvine Ranch was patched together in its present form 100 years ago. Until 1961, it remained a sprawling agricultural complex hidden from the millions who crossed its southern tip on the freeway linking Los Angeles, 40 miles north, and San Diego, 80 miles to the south.

Now, Irvine Ranch is the centre of a bidding struggle between American and Canadian interests—with other parties in the background for the holding company, forced into auction by tax laws. More than just Irvine's choice acreage, now being developed into the largest master-planned urban environment in the U.S., is at stake. The winner will acquire a successful company which achieved record profits for the sixth consecutive year with 1976 net income of $11.4m. on revenues of $104m. and whose other holdings include 6,000 acres of farm land in California's fertile Imperial Valley and the 101,000-acre Flying D cattle ranch in Montana.

> . . . as appealing to suitors as Irvine's consistent growth is the highly regarded management organisation which has guided company's successful development programme and won acclaim as the best managed land developer in America. . . .

About 72,000 acres of Irvine Ranch are undeveloped, 60,000 of that still in agriculture. Part of the project's attraction is its planned development over the next 25 years of $10bn. in homes, manufacturing plants and shopping centres, plus a city of 400,000. A few weeks ago, the company revealed plans to develop a $300m., 8m. square feet retail and business complex on 470 acres that will include the largest shopping centre in the U.S. As appealing to suitors as Irvine's consistent growth is the highly regarded management organisation which has guided the company's successful development programme and won acclaim as the best-managed land developer in America. Prime bidders Mobil Oil and Canada's Cadillac Fairview Corporation have indicated that Irvine's management is a key to their eagerness.

Mobil and Toronto-based Cadillac Fairview, the largest public real estate company in Canada with assets of $1bn., were until recently, the chief bidders. Mobil's latest bid, earlier this week, equalling the latest Cadillac Fairview nominal total of $279.8m. But a third entrant, SMBH and Z, Inc., a privately-held Detroit investment company, bid about $34 in cash and notes for each of Irvine's 8.4m. shares outstanding—an indicated price of $286-$295m., but with less immediate cash value than the other offers.

Interested but unable to act on its own is the James Irvine Foundation, which holds 54.4 per cent. of Irvine stock. Joan Irvine Smith, largest individual owner of company stock by owning or controlling 1.8m. shares or 21.1 per cent., has been involved in legal battles for nearly 20 years over the Irvine Foundation's stewardship of the company.

Further complicating the picture is the Tax Reform Act of 1969, under which tax-exempt foundations which control private companies, such as Irvine, must divest themselves of their stock positions by 1981. The Foundation is under pressure to sell its company holdings because the federal tax law requires it to pay out annually to charity a much larger percentage of its assets than it receives in dividends on its company stock. Dividends from Irvine Company stock have not been sufficient to meet that requirement. If the Foundation's stock is to have a higher value, then the dividend requirement will force early sale of the shares. Terms of a sale, however, still must be approved by the court.

Various estimates have been made on the value of Irvine stock, including appraisals of $36.65 per share and an estimate that the company's potential value over 40 years of development may reach more than $1bn. Meanwhile, the bidding war goes on, with Mobil at last word topping Cadillac Fairview's latest offer of $269m. in cash and notes, or about $32 a share, with a higher bid for the second time of $273m. or around $32.50 a share. Irvine officials, enjoying the spirited bidding, consider Mobil the favourite so far because its offer is 100 per cent. cash. With the latest hand played, the bidders and Irvine interests now await higher stakes or new moves by others who may care to join the game for one of California's richest treasures.

Third-quarter profit for Estel but outlook remains gloomy

BY FRISO ENDT

ROTTERDAM, Nov. 18.

ESTEL NV, the German-Dutch steel company, reported that it has booked a net profit in the third quarter of this year of Fls.14m. against a loss of Fls.87.3m. over the same period last year.

Estel's losses over the first quarter (Fls.72.2m.) and second quarter (Fls.38m.) have been made up for a small part only by the third quarter profit.

Prospects, Estel's Board says, are less optimistic. In its comment on the third quarter results the Board says that orders for a number of important products in the steel section are declining.

The result will be that prospects for the fourth quarter will be unfavourable—the Board fears that the recovery trend shown in the first three quarters of this year will be reversed.

Sales increased in this third quarter, compared with the preceding period, by Fls.159m. to Fls.2.4bn. (same period of 1975: Fls.873m.). The better results of the third quarter show even better in the profits, which are Fls.67.1m. against a negative result over the same period of last year of Fls.158.6m. In this year's second quarter Estel reported a negative result of Fls.28m. and in the first quarter of Fls.111.1m.

In this third quarter the steel section was able to increase its results by higher sales and increasing prices. Production of raw iron, raw steel and rolled steel showed a significant increase.

Dr. O. H. A. Cvan Royen, Board member of Estel, explained that stockbuilding, decreasing exports and increasing imports suggest gloomy prospects for the first quarter of 1977.

The pace of recovery from the recession lags too far behind to produce positive results for the steel industry. Even if the recovery from the recession continues, in spite of to-day's stagnation, the steel industry will be suffering from a number of disadvantages.

One of these factors is the ailing shipbuilding industry whose troubles are far from over. The building industry shows a cautious recovery which means that its decrease has turned into a small production increase and therefore to a better demand for steel.

But it still means that its level is far behind the production levels of the early seventies. If the recovery from the recession continues Dr. Van Royen does not expect an acceleration of steel consumption. Also the recovery in prices has greatly attracted imports to the Common Market, in particular from Japan but also from the East Bloc countries and from Spain.

Therefore, the European steel industry has been forced to curb its exports which in itself also explains the cutback in European steel production as a whole.

Car insurance premiums to rise in Sweden

By John Walker

STOCKHOLM, Nov. 18

PRIVATE CAR insurance premiums in Sweden are to rise by about 25 per cent. at the end of this year. This follows hard on the heels of a rise in some cases amounting to as much as 40 per cent. which came into effect at the beginning of October. The three main companies, Skandia, Folksam and Trygg-Hansa account for about 75 per cent. of the car insurance business in the country. It is reliably reported that they are currently between Kr.50m. to Kr.80m. annually in this sector of their business.

The companies are admitting that the last increase was much too small and there had been a miscalculation. The root cause of the increase in premiums is the mounting cost of repairs. This in turn is due to the rapid increase in wages, increased costs of spare parts and more complicated repairs. In addition there is the mounting figure of stolen cars, some of which are occasionally found undamaged. One company reports that damage to stolen cars during 1975 went up by 40 per cent., while costs rose by 25 per cent. during the same period.

At the upper end of the bracket, a car in the Mercedes class, for example, would cost about Kr.2,400 (£340) for a comprehensive premium.

Now the premium is likely to be somewhat dearer at Kr.3,000 (£430). Although probably a majority of car owners will stick to their comprehensive policy at the moment, it is expected that a large number of policy holders will change to the less expensive third party, fire and theft.

ASUAG reduces dividend payment again

BY JOHN WICKS

ZURICH, Nov. 18.

THE SWISS watch industry company, Allgemeine Schweizerische Uhren-Industrie AG (ASUAG), of Bienne, recommends a reduction in its dividend from Sw.frs.20 to Sw.frs.16 for the business year ended June 30, 1976. This would follow a cut-back from a figure of Sw.frs.24 a year ago. Net profits of the holding company fell from Sw.frs.6.11m. to Sw.frs.4.03m. in 1975-76.

In the calendar year 1975, turnover of ASUAG subsidiaries dropped by 23.6 per cent. to Sw.frs.1.07bn. (Sw.frs.1.4bn.), or to below 1972 levels. This is attributed to the development of world markets in general and the decline in Swiss watch exports in particular. Total sales in 1975, some Sw.frs.515.4m. was accounted for by watch components, Sw.frs.501.2m. by finished watches and Sw.frs.56.4m. by other products.

In the first half of 1976, non-consolidated turnover was Sw.frs.538.1m., or 9.4 per cent. lower than for the corresponding period of last year. ASUAG sees this as an indication that no recovery has yet begun in the watch sector.

For the current year the ASUAG group is to spend a total of some Sw.frs.38m. on research and development, or about 8 per cent. more than last year. The concern is stressing its development of new products, particularly in the electronics sector, as well as improving existing products.

Braun sales improve by 9 per cent.

By Nicholas Colchester

BONN, Nov. 18.

POWERED chiefly by overseas demand, the Braun group, the West German manufacturer of electrical consumer products that is wholly owned by Gillette of America, returned an increased but unspecified profit in the year to September 30, 1976, on a nine per cent. increase in worldwide sales to DM772m.

In its preliminary report for the year, the management says that the development of business within West Germany was held back by the slow state of the economy but that overseas business was much livelier. The proportion of Braun's turnover generated abroad last year was up from 54 per cent. to 60 per cent.

Agreement on shipping merger

THE BOARDS of Cie. Generale Transatlantique and Cie. des Messageries Maritimes, both state-controlled, said they have agreed on the merger plan announced last February, AP-DJ reports from Paris.

Terms of the merger, to be submitted to shareholders, are due in January and are expected to provide for the absorption of Maritimes by Transatlantique, the latter becoming a holding listed on the Paris Stock Exchange as Cie Generale Maritime et Financiere.

Quiet revolution at the Treasury

BY PETER VINTER

Behind the big debate on public expenditure a quiet revolution is taking place, almost, but not quite unnoticed by the public deafened by the noise. The big debate will gain headlines for a while yet: Basher Howe, Stonewall Healey and the Bristol Kid will have their day. But long after they have been forgotten, the country will be living with the results of the quiet revolution. So it is worth seeing what is happening.

The scene is the urbane and indeed prosaic atmosphere of a Parliamentary Committee: their recent examination of the Treasury highlights the progress made and shows what has yet to be done. Two overdue changes (modified treatment in the White Paper surveys of nationalised industries' borrowing, and of debt interest, reducing the public sector from 60 per cent. to 52 per cent. of the GDP) have made modest headlines. Some think the original extensions of the Public Expenditure Survey on these should never have been made. The mild exposition of Mr. Leo Pliatzky, Second Permanent Secretary at the Treasury, in charge of public expenditure (notably "this brings the system closer to the realities of control") understated the fierce determination to make control effective. Even the tangle of so-called constitutional debate about local authorities' freedom on spending seems to be yielding to practical solutions.

We are in fact, if not in formal title, seeing a new and genuine system of control steadily coming into existence. We shall have a five-year survey framework for charting the broad directions for schools, defence, roads etc., and cash limits for the first two years "to ensure that Ministers' decisions stick" (Mr. Pliatzky again). Coupled with this are Cabinet decisions on the Contingency Reserve which is "now operational" and not just an accounting device.

Cautious

The operational keys are the new monthly cash monitoring system against profiles which are in effect almost management budgets, and the quarterly economic analysis focusing the economic impact of the "up to the month" cash figures. The Treasury have done very well to set this up in 18 months—indeed they have outpaced the sceptics of whom I admit to being one.

What next? What about the Estimates and Votes which are still the legal mechanism for Parliamentary release of funds to Government and show in detail where the money goes? What else needs to be done? The Treasury was cautious when asked, saying that experience must be gained, the information system polished up and extended and so on.

This is natural enough, but have they time? I doubt it. Now and for a year or two, the tide favours the Treasury's efforts to set up an effective system. But they may not be in so strong a position later on, so there is no time for dawdling.

The big gap yet to be bridged is the lack of built-in flexibility in the public sector. The lapse of 18 months between preparation of the Survey which surfaces in the White Paper and its operational commissioning is far too long for practical safety: the Contingency Reserve in its new role helps, but is not enough by itself. The argument for more flexibility is simple; with a public sector which on the new definition takes up around half of the GDP, it is just not sensible management of the nation's economy to be without some kind of "regulator" for public spending.

To those who object that much of the public sector is concerned with important things which have nothing directly to do with the market—schools, hospitals, doctors, teachers, defence, roads, etc.—the answer is simple. Are these any less important in our present situation than a power station, a gas pipe-line, a large modern engineering shop, a textile plant, design teams for advanced projects or the employment of skilled workers? There are plenty of pressing public sector needs, but that should not give them an intrinsic preference ticket. In fact, Ministers have recognised the damage done to manufacturing investment by the running down of profits to support investment, and by past instability of policy towards the funds required to sustain it.

A public sector regulator would have to be tailored to each type of expenditure and we should not look for instantaneous results akin to changes in tax by the Regulator. Big changes of political direction in spending will occur from time to time and it would be ingenuous to pretend otherwise: but in terms of economic management (and impact on the political scene) a spending regulator has a big contribution to make. Earlier action by a regulator on a modest scale on the margin of functional programmes might well forestall the need for bigger action later with all the usual pain and grief.

Practically, two essential steps are needed to get a regulator going —

- Arrangements, attached to all fund authorisations (except for cash payments for social security) by which spending managements will so run their affairs that small but specific pre-arranged proportions of their total outlays in a given year could be raised or lowered at say three or six months' notice by the Chancellor.

This might be, say, ½ per cent or 1 per cent. at three months, or 2 or 3 per cent. at six months. The percentages might well need to be different between various branches of spending.

- To make this work, managements of spending centres would need more freedom to move expenditure from one head within a service to another. Shifts of this kind inside a complex programme can only really be carried out by the local managers who know the ground. This again would have to be within previously agreed limits if managements were to be able to operate. The rigid divisions of the Estimate sub-heads would have to be modified, without doing away with the information they contain. Local authorities would need rather more room for reconciling overall finance with Departmental circulars calls for action on individual programmes.

Something along these lines is essential to the new controls, if they are to stand the test of time. With a big public sector (no matter whether it is 40 per cent. or 50 per cent. of GDP) some built-in switching has come to be essential. The information system provides a foundation we have never had before so start-up need not take long.

System

We should then have a complete system —

1. The 5-year Survey (in real terms) for broad planning.
2. Cash limits for the first two years for operational control, plus the Cabinet control of the Contingency Reserve.
3. A built-in system of three, six or nine month signals for marginal increases or decreases in given areas (1 per cent. of the public sector, less social security payments, is about £300m.), corresponding in intent with the tax regulator.
4. A loosening of the detail of Estimates control, though not of the total, within pre-determined limits.

A pattern of this sort would have much to contribute to improving economic management and reassuring the public here, as well as sceptics overseas, that we had our public sector under effective management.

Mr. Vinter, when at the Treasury, was chairman of the Public Expenditure Survey Committee, 1965-1969.

NORTH SEA OIL REVIEW

BY RAY DAFTER

Walking the participation tightrope

ENERGY SECRETARY Mr. Anthony Wedgwood Benn has clearly injected a new sense of urgency into the negotiations over state participation in offshore oil reserves. What is more, the fifth round of offshore licences, now being reviewed by the Department of Energy, has become a much more blatant negotiating ploy than the oil companies might have expected a few months ago.

The speed with which negotiations between Shell, Esso, the Government and the British National Oil Corporation seem to be moving is evidence of both points. The presence of Mr. Clifton Garvin, chairman of Exxon Corporation — Esso's parent—at this week's meetings suggests the way is being prepared for, perhaps, the signing of general heads of agreement within a few weeks.

Mr. Garvin once stated his view that as participation was regarded by the Government as voluntary, Esso was choosing not to volunteer.

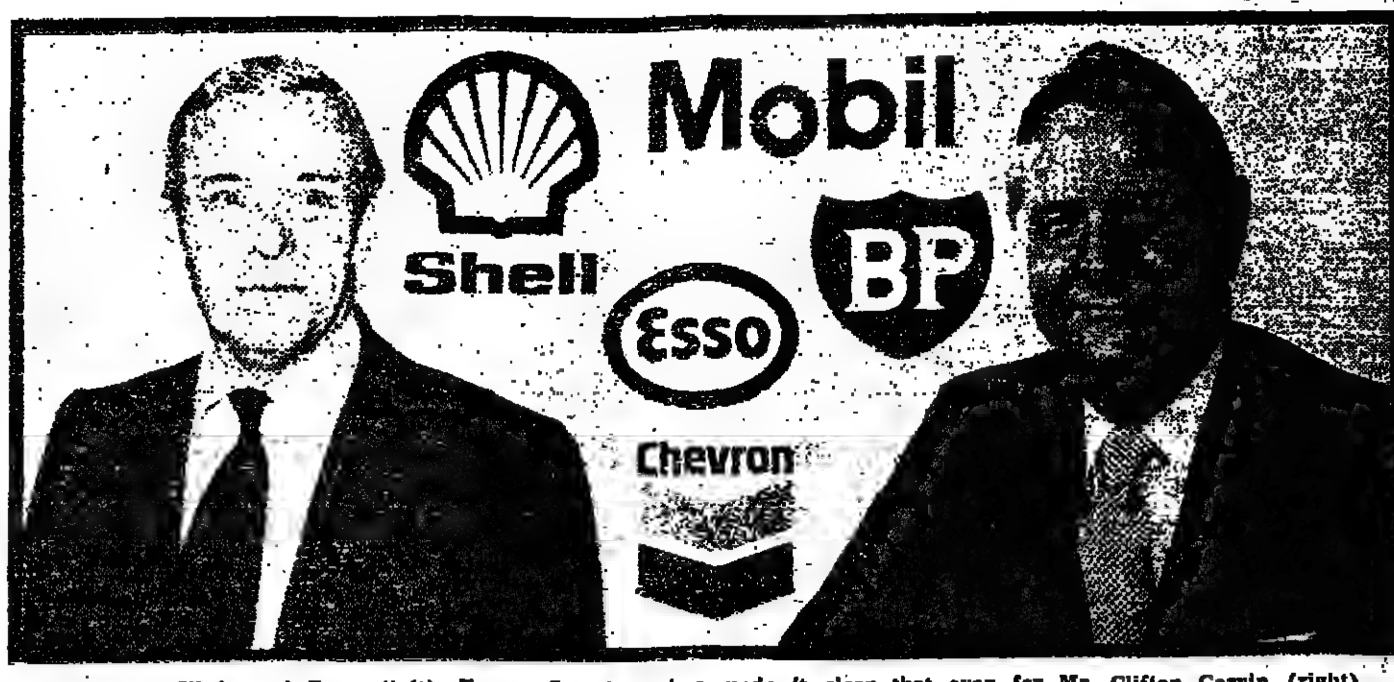
Voluntary is a word seldom used in the current participation negotiations, however. Having taken over as the Government's chief negotiator from Mr. Harold Lever, Chancellor of the Duchy of Lancaster, Mr Benn has made it clear that if companies want to be awarded fifth round exploration licences, they will have to agree to the concept of a state presence in offshore fields.

This attitude has become tougher following the industry's response to the fifth round offer. Some 133 companies submitted 53 applications for 50 of the 71 blocks or part blocks.

Fortified by this response, Mr. Benn is stressing that the fifth round will be a vehicle for settling the participation issue. At one stage it seemed that companies would qualify for new licences if they demonstrated a willingness to talk meaningfully about a state (BNOC) presence in their *existing* fields. Now Mr. Benn wants to see some form of outline agreement or evidence that an agreement is forthcoming. Since the fifth round details were announced in July, the Government has hinted at a new condition. Recent letters to oil companies indicate that successful applicants will be expected to concede participation in any *new* fields, found under past licence rounds.

Since it has taken some companies months of negotiations to come near to a participation pact in fields that they know about, the industry has some cause to question whether it is right for them to accept general terms covering unquantifiable fields, particularly in such a short timescale.

For time is limited. The Department of Energy has now completed its interviews with applicants. During these discussions, officials have shown a willingness to try and give as many proven oil explorers as possible a stake in new licences. To this end, operating groups have been asked if they would be willing to share some of the concessions, particularly those where two or more blocks are thought to contain one prospective structure.



Mr. Anthony Wedgwood Benn (left), Energy Secretary, has made it clear that even for Mr. Clifton Garvin (right), chairman of Exxon, State presence in offshore fields is the price tag on fifth-round licences.

As things stand, the Department of Energy hopes to inform the industry about proposed allocations within the next two or three weeks. Successful companies will then be expected to discuss detailed operating agreements with the British National Oil Corporation, a 51 per cent. partner in all licences. In order *to sidestep what might become* a tortuous round of individual negotiations, BNOC and the Offshore Operators Association are trying to formulate a standard operating agreement.

If these talks progress well, and the participation obstacles are overcome the Government will publicly announce the allocations in late December or early January. It is quite likely that allocations will be staggered.

Whatever happens, Mr. Benn is almost certain to emphasise *that the industry has "willingly"* conceded the concept that the State should have a presence in the development of such an important strategic resource. No doubt he will add that, in line with Government policy that participation should leave companies financially "no better" and "no worse," *the commercial* interests of the oil companies have been safeguarded.

The participation pattern has been set already. Deals have been concluded with Gulf, Conoco, Tricentrol and Ranger, *for instance*, and Occidental has signed "heads of agreement." British Petroleum has signed a memorandum of understanding and talks are proceeding which should lead to an early conclusion of the deal.

The negotiating effort is now being concentrated on about a *dozen* companies which have substantial interests in existing oil finds. They are known to include the "big three"—Shell, Esso and BP; and Deminex, Mobil, Chevron, Union Oil, Texaco and Santa Fe.

Among the companies that have still to sign there is a growing concern about the sort of Government conditions that might be imposed. BP's outline agreement, which has been shown to the industry as a model of what might be achieved, seems to have added fuel to this unrest.

It is pointed out that companies which have already signed agreements are "crude long," in that their oil supplies exceed their refining and marketing needs, leaving them with a surplus to sell to other companies. BP is the biggest company in this position.

So far, no "crude short" company has agreed to participation. Shell and Esso have been fighting to retain the use of all the oil they find and produce in the North Sea. The Government has been insisting that BNOC should have the right to buy, at market prices, up to 51 per cent. of production.

And yet security of continued access to crude oil is crucial to the investment and marketing decisions of these and other companies.

A compromise solution might be some form of swap or buy-back arrangement which would guarantee offshore companies access to the same amount of crude that they were producing.

The BP outline agreement is a case in point. BNOC has a right to buy 51 per cent. of BP's North Sea production from January, 1977, although the Corporation will sell back all this option oil up to 1979. Between 1979 and 1981 BNOC will sell North Sea option oil back to BP in exchange for oil from other BP sources to a similar value.

However, this agreement can be overridden by several factors including a direction from the Government to BNOC that "the making of these deliveries is contrary to the national interest." What, asks the industry, constitutes national interest? Taken to the extreme, it could be defined merely by a Ministerial policy statement or a direction from a Labour Party or TUC conference.

As a result of the Petroleum and Submarine Pipelines Bill and agreements implied in state participation, the Energy Secretary is arming himself with a number of controls and restrictions which can be used at any time in the future. Disconsolate oil executives have recently been talking about "creeping nationalisation."

They could, if they wished, demonstrate their displeasure by pulling out of the fifth round altogether. But they know that they would immediately damage their chances of being involved in future exploration activities in one of the most prospective oil areas of the world. Mr. Benn, *too, is walking a tightrope. He* has declared that the fifth round marks the beginning of a new era of licensing, one in which the strategic value of North Sea oil to the people of Britain is recognised. A rebuff would have been disastrous for his policies. As the licences applications show, Mr. Benn has not been shaken from the tightrope.

INTERNATIONAL APPOINTMENTS

هكذا من الاصل

FACTORIES AND WAREHOUSES

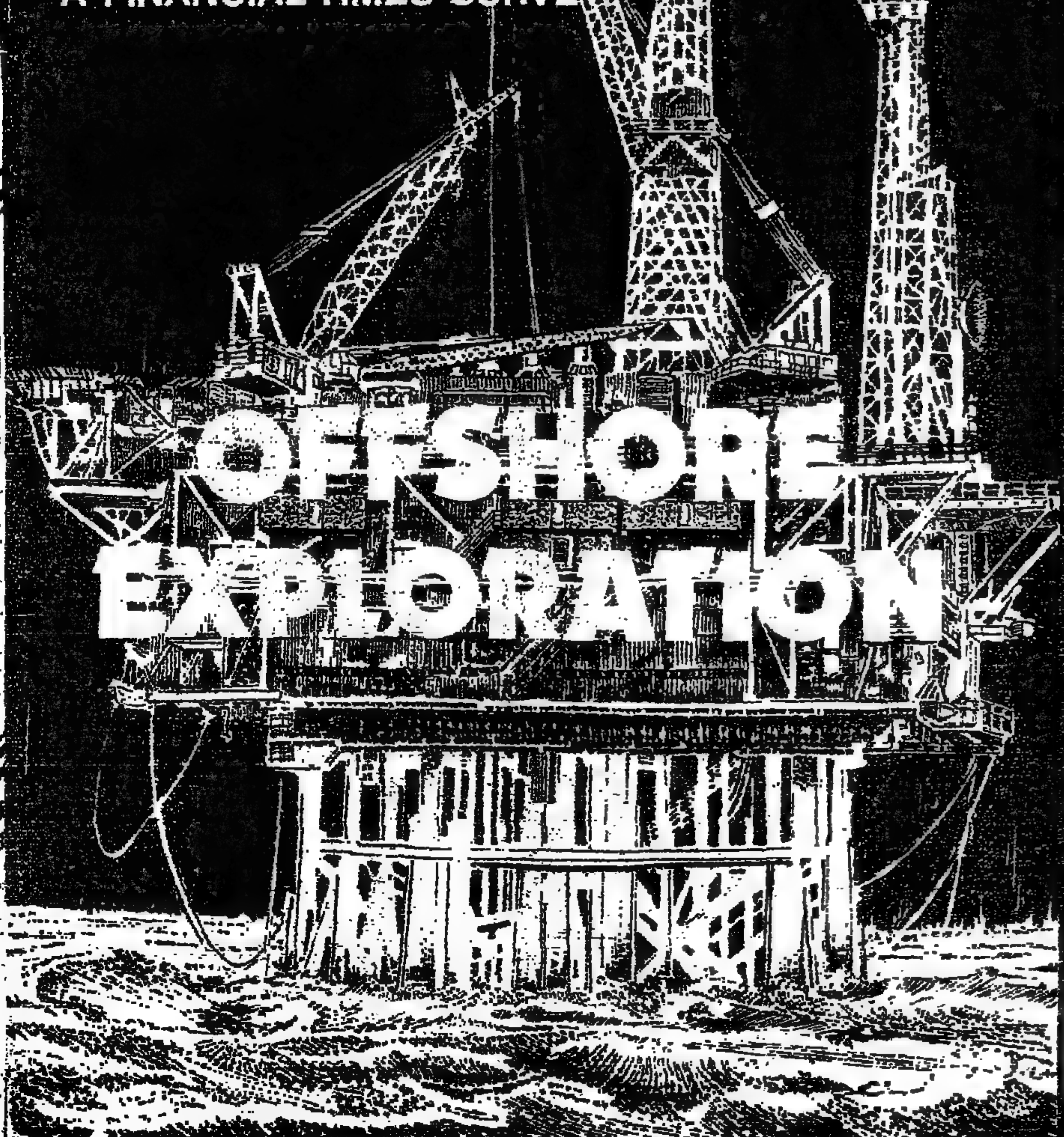
WANTED

SHOPS AND OFFICES

INTERNATIONAL PROPERTY

FOR INVESTMENT

A FINANCIAL TIMES SURVEY



7th December, 1976

Offshore exploration for North Sea Oil is now of vital importance to Great Britain's future economic prosperity.

At this important time, and coinciding with the Offshore International Conference and Exhibition in Birmingham, the Financial Times proposes to publish a major survey on 'OFFSHORE EXPLORATION,' providing in-depth coverage of this vital topic.

The EXPLORATION, DEVELOPMENT and POLITICS OF OIL are major subject-headings for articles planned in this survey.

The proposed publication date for the survey is 7th December, 1976; copy date 26th November. For full details of the synopsis, and advertising rates, contact Colin Brunton—01-248 8000, ext. 642.

A FINANCIAL TIMES SURVEY

The content and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

INTERNATIONAL PROPERTY

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early firmness gathers momentum

—BY OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 18.

WEDNESDAY'S FIRMNESS gathered momentum on Wall Street to-day, following a more than $2bn. rise in third quarter Corporate profits reported by the Government.

By 1 p.m. the Dow Jones Industrial Average was up a further 4.82 at 942.90 and the NYSE All Common Index put on 33 cents to $54.18, while rises outnumbered falls by more than a two-to-one majority. Trading volume expanded 1.91m. shares to 13.34m., compared with 1 p.m. yesterday.

Closing prices and market reports were not available for this edition.

The market was also encouraged by Dr. Arthur Burns, Federal Reserve Board chairman, remarks that he expects the U.S. economy to pick up soon and that reducing inflation must remain the aim of the Government.

Sentiment was also helped by a possible delay of the price fixing talks by the Organisation of Petroleum Exporting Countries, which, according to the analysis, is being read as meaning a price increase will be less than anticipated.

Among the most actively traded issues, Occidental Petroleum gained $¾ to $19¼—the Venezuelan Government indicated yesterday it will make a $25m. compensation payment for its nationalised assets.

British Petroleum, also actively traded, held unchanged at $12.

Braniff International moved up $½ to $10¾—it is negotiating with Air France on the possibility of an Agreement on Concorde flights from Dallas to Paris.

General Dynamics rose $¾ to $52¼, Schlumberger also $¾ to $86¼, Pepsico $¼ to $75¾ and Mesa Petroleum $¾ to $32¾. Leeds Northrup were lifted $2¼ to $26.

IBM put on $1⅞ to $269, while American Telephone and Telegraph rose $¼ to $60¾.

Texaco shed $⅜ to $25⅛ on its cut in gasoline prices.

Lomas Nettleton Financial, the most actively traded stock, gave up $¼ at $8¾.

The American SE Market Value Index moved up 0.62 to 98.91, but the trading volume decreased 30,000 shares to 1.46m. compared with 1 p.m. yesterday.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Alcan Aluminium	275,900	21	−1⅞
Kaufman & Broad	219,300	8⅞	+ ⅛
Amer. Tel. Tel. ...	218,200	60⅜	+ ¼
General Motors ...	198,100	69⅜	+ ¼
Walt Disney	184,900	43¾	+ ¼
Texaco	179,700	25¼	− ⅛
Occidental Petrolm.	172,900	18¾	− ⅛
Digital Equipment...	164,200	52¾	+1
Johns Manville	161,300	31	+1
UAL	152,200	24¾	− ⅛

OTHER MARKETS

Canada rallies

With the exception of Golds, which further declined 4.71 to 280.94 on index, Canadian Stock Markets rallied slightly yesterday morning.

The Industrial Share Index regained 1.32 to 166.29, Base Metals 0.22 to 78.13, Western Oils 0.68 to 195.35, Utilities 0.39 to 133.82, Banks 0.54 to 226.73 and Papers 0.69 to 102.47.

Alcan Aluminium recovered $1¼ to $21¾, Canadian Pacific *Investments $¼ to $18¾, Northern* Telecom also $⅜ to $33, Bell Canada $⅜ to $45⅞ and Genstar $⅜ to $20¾.

PARIS—Lower on balance with expected bad October Trade Figures more than offsetting the favourable impact of the quarter point cut in Call Money to 9⅞ per cent.

Concern over the state of the Steel Industry helped produce falls in Metals.

Motors, Buildings and Foods mostly fell, while Banks, Stores, and Electricals were irregular. Oils were firm.

Most foreign stocks were slightly lower, although International Oils were an exception and generally up.

BRUSSELS—Mostly higher in more active trading. Market reacted favourably to the Central Bank's apparent intention to ease credit conditions.

Steels were mixed, Non-Ferrous Metals higher, as were Electricals and Utilities. Chemicals firmed. Oils also tended higher.

U.S. stocks were broadly better, South African Golds higher, French and Dutch issues gained ground, but Germans eased.

AMSTERDAM—Generally firm but trading was quiet.

In Dutch Internationals, Unilever advanced Fls.3.6 to Fls.113 on third quarter figures.

Hoogovens rose Fls.1.4 to Fls.39.6, helped by Estel's third quarter profit and the chance of a 1976 dividend, although from reserves.

GERMANY—Mostly lower.

Siemens dropped *DM2.80 to* 252.70, reflecting U.S. President-Elect Jimmy Carter's statement that the U.S. would seek to hinder export of nuclear power plants from Germany.

Chemicals were marginally lower, despite a third quarter report from BASF showing a 100.2 per cent. gain in pre-tax earnings for the first nine months.

M.A.N. were up DM1.50 to 158.50 on higher net profit and dividend boost.

Domestic Public Bonds gained up to DM0.50 and the Bundesbank sold DM30m. of stock.

SWITZERLAND — *Narrowly* mixed in quiet activity.

Insurances lost ground. Banks were irregular, while Industrials were little changed.

Dollar stocks firmed slightly in moderate trading. Dutch Internationals were steady, apart from easier Unilever. Germans were barely steady.

OSLO—Shippings and Industrials were quiet, while Bankings were barely steady.

VIENNA—Narrowly mixed.

COPENHAGEN — Narrowly mixed in moderate dealings.

MILAN—Market firmed at the start of the new Account on renewed buying.

Montedison moved up L26.5 to L273.5, reflecting expectations of a Government policy statement.

HONG KONG — Fractionally higher in sluggish trading.

Hong Kong Land were up 5 cents to $HK6.60. Hutchison 5 cents to 3.025, Wheelock 'A' 2½ cents to 2.675, Jardine 20 cents *to 16.10, Swire Pacific 'A' 10 cents* to 9.00, Hong Kong Electric 10 cents to 4.675, China Light 10 cents to 26.50 and Hong Kong Telephone 20 cents to 27.10.

But Hong Kong and Kowloon Wharf moved down 10 cents to $HK13.80.

TOKYO—Prices fell sharply across the board on selling accelerated by growing European moves against Japanese exports. Volume 180m. (210m.) shares.

Export-oriented Electricals and Motors led the decline, partly on large sales by foreign investors. Matsushita Electric lost Y24 to 566 and *Honda Motor Y17 to 601.*

Chemicals, Housings, Paper-Pulps, Cements, Cameras, Pharmaceuticals and Constructions eased.

JOHANNESBURG—Gold shares closed above the day's lows, following fluctuations in overseas bullion indications.

Financial Minings finished unchanged to easier, Coppers were quietly firmer, while Platinums were narrowly mixed.

Industrials were fairly quiet.

AUSTRALIA—Generally lower. Uraniums fell under strong selling pressure following a *Labour Party policy statement* interpreted as unfavourable to uranium mining and development.

Queensland Mines shed 10 cents to $A1.70 but Pancontinental firmed 10 to $A8.

Central Norseman gained 6 cents to $A2 but Aust. Guarantee shed 7 cents to $A1.48.

Base Metal leaders were generally firm but unexciting and a report of a rich copper find in the north of South Australia by Western Mining, off 1 cent at $A1.41, failed to attract interest.

Indices

NEW YORK —DOW JONES

[illegible]

N.Y.S.E. ALL COMMON

Nov. 17	Nov. 16	Nov. 15	Nov. 12	1976 High	1976 Low
55.86	55.52	55.42	55.10	57.51 (21/9/76)	47.06 (2/1/76)

Rises and Falls	Nov. 17
Issues Traded—1,885	Up—955
Down—465	Same—457
New Highs 48	New Lows 21

MONTREAL / TORONTO / JOHANNESBURG

[illegible]

STANDARDS AND POORS

[illegible]

OVERSEAS SHARE INFORMATION — Australia, Belgium, Denmark, France, Germany, Holland, Hongkong, Italy, Japan, Singapore, Spain, Sweden, Switzerland indices: [illegible]

OVERSEAS SHARE INFORMATION

NEW YORK

[illegible]

CANADA

[illegible]

Investment premium based on $2.60 per £ — 120% (119½%).

GERMANY ◆ / PARIS / AMSTERDAM / MILAN / BRUSSELS/LUXEMBOURG / SWITZERLAND ◆ / COPENHAGEN / VIENNA / AUSTRALIA / TOKYO / STOCKHOLM / OSLO / BRAZIL / JOHANNESBURG / SPAIN ♥

[illegible]

Pound steady

Sterling showed little change on balance in the foreign exchange market yesterday. It opened at $1.6670-1.6685 in terms of the U.S. dollar and improved to $1.6685-1.6700 during the morning. There was some evidence of profit-taking at the higher levels and the pound slipped to $1.6583-1.6593, before further buying pushed it up to $1.6650. The worst level touched in London during the afternoon was $1.6570-1.6580 and sterling closed at $1.6585-1.6595, a fall of 10 points on the day.

Trading was fairly good, without being heavy, but after European centres had closed demand for sterling in New York quickly pushed the rate up to $1.6710, after the announcement of new foreign exchange control measures.

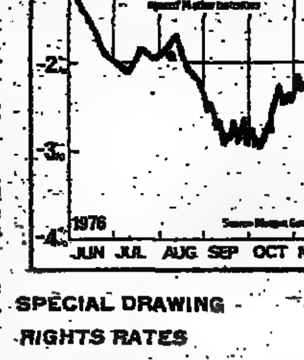
Forward sterling was also firm. The three-month pound finished at 3.98 cents discount against the dollar compared with 4.08 cents discount previously.

The pound's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated *by the Bank of England*, narrowed to 44.8 per cent. from 45.1 per cent., after standing at 44.9 per cent. at noon and 44.6 per cent. in early dealings.

The dollar's depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed to 2.16 per cent. from 2.22 per cent.

European currencies were generally quiet and dull, but the French franc was weaker. It closed at Fr.Frs.5.0025 in terms of the dollar, compared with Fr.Frs.4.98825 on Wednesday.

Gold fell $3¼ to $128¾-129¼. The krugerrand's premium over its gold content narrowed to 2.52 per cent. for domestic delivery, but was steady at 3.30 per cent. in the international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Nov. 17	Nov. 16
Sterling	0.693051	0.702846
U.S. dollar	1.15463	1.15365
Belgian franc	42.7914	42.8062
Deutschemark	—	2.79185
French franc	5.75313	5.75066
Italian lira	990.669	998.398
Japanese yen	340.670	339.519
Dutch guilder	2.92027	2.91989
Swedish krone	4.88385	4.87936
Swiss franc	2.81999	2.81894

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Nov. 18	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.421-422	48.40-47	6.52-3	4.005-015	[illegible]	99.05-07
N. York *	41.27-29	—	20.04-1.8	2.696-699	1.6640-6651	39.46-48	40.88-90
Paris	2.6.385 775	4.9867 0067	—	13.465-490	8.305 330	197.43-875	[illegible]
Brussels ..	[illegible]	37.19-13	7.41-43	—	61.60-73	14.[illegible]	[illegible]
London ..	4.01[illegible]	1.666[illegible]	8.29[illegible]-30¼	61.[illegible] 70	—	4.19¼-20¼	4.05¼ 06¼
Am'rd'm	104.50-[illegible]	2.5257-5322	50.615-635	5.816-821	4.2046-95	—	103.455 505
Zurich ..	100.94-101.0	2.4462 60	48.86 91	[illegible]-6500	4.162-072	96.68-63	—

U.S.$ in Montreal: U.S.$=97.90-92 Canadian cents. Canadian $ in New York: C$=102.10-12 U.S. cents. U.S.$ in Milan 865.10-865.60. Sterling in Milan 1438.50-1439.50 *Rates for Nov. 17

EURO-CURRENCY INTEREST RATES*

Nov. 18 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
Short term	15½-16	4¾-5	8¼-9¼	9-9½	4½-4⅝	⅞-⅞
7 days notice	15½-16	4¾-5	8¾-9¾	9-9½	4½-4⅞	1¼-1⅝
Month	15¼-15⅝	4⅞-5⅛	8⅝-9⅛	8¾-9⅛	4⅛-4¼	1-⅞
Three months	15-15½	5¼-5½	9-9¼	8⅞-8⅞	4⅞-4⅞	2⅛-2¼
Six months	15¼-15⅝	5¾-6	9-9¼	5⅛-5⅝	4¾-4⅝	2⅛-2¼
One year	15-15⅝	6-6¼	9-9¼	7¾-8¼	4⅞-5⅛	3¼-3⅝

[illegible]

GOLD MARKET

	Nov. 18	Nov. 17
Gold Bullion (a fine ounce)		
Close	$128¾-129¼	$131½-132½
Opening	$129½-130½	$131-132
Morning fix'g	$129.10 (£77.524)	$131.70 (£79.746)
Afternoo'n fix'g	$128.65 (£77.281)	$131.25 (£79.358)
Gold Coins domestically		
Krugerrand	$131-133 (£79-80)	$136-138 (£82-83)
New Sov'r'gns	$46-48 (£28-29)	$47-49 (£28½-29½)
Old Sov'r'gns	$46-47 (£27½-28½)	$48-50 (£29-30)
Gold Coins internationally		
Krugerrand	$132-134 (£79½-80½)	$136-138 (£82-83)
New Sov'r'gns	$45½-47½ (£27¾-28¾)	$47-49 (£28½-29½)
Old Sov'r'gns	$40½-42½ (£24½-25½)	$41-42 (£24½-25½)
$20 Eagles	$216-219	$218-221
$10 Eagles	$116-119	$117-120
$5 Eagles	$76-79	$76-79

FOREIGN EXCHANGES

Nov. 18 1976	Bank Rates %	Day's Spread	Close
New York ..	5¼	1.6570-1.6700	1.6585-1.6595
Montreal ..	9½	1.6260-1.6380	1.6255-1.6265
Amsterdam	7	4.[illegible]-4.24	4.19½-4.20½
Brussels ...	9	61.45-62.10	61.60-61.70
Copenhgen.	11	9.82-9.92	9.85-9.84
Frankfurt ..	3½	4.01-4.06	4.01¼-4.02¼

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

FINANCIAL TIMES SURVEY
Friday November 19 1976

Computer Peripherals

Radical technological changes are being made in peripheral equipment serving central computers. This means that this sector is likely to continue to grow more rapidly than other areas of the computer industry.

Sales keep on rising

N A WORLD where every ıdustrially advanced country striving to cope with the rave problems which have ome in the wake of the energy risis, it should come as a life-elt to a drowning man that the undits are unanimous on one articular sector of the computer industry. They all say eripherals—in the widest sense f the word, from simple communications units to intelligent nits with a great deal of utonomy—will grow more apidly than other sectors of the omputer industry.

For Europe as a whole, the guesstimate" for 1980 is total nnual sales of about £4bn. or 0 per cent. of total computer equipment. The immediate question that must spring to the minds of manufacturers and businessmen, especially those striving manfully to keep traditional industries afloat, is what is Europe doing to make sure that it will transform 1975's totally unacceptable deficit in computer equipment import/export flows of over £600m., reported by Mackintosh Associates, into a significant share of the above £4bn. sales to European users over the next five years.

The answer is that something has been done, but it is not on a sufficient scale to make more than a slight dent in the problem. Effective action demands concerted and powerful European decisions taken by an organisation that is not hamstrung by narrow national considerations or subjected to pressures from outside Europe.

Because all deliberations and decision-making procedures in Europe are so ponderous and time-consuming the recent announcement that the European Commission had put together a £45m. aid package of which a large amount will go towards supporting the European minicomputer/terminal, software and components effort is little short of a miracle. Whether the EEC Council of Ministers will bow in approval remains to be seen.

A closer look reveals some of the strings attached to the proposition. The £20m. for peripherals will be spread over the period 1978/81 and would be granted to support collaborative projects from at least two European countries. Since France and Germany are already in there fighting with a number of proposals, it is to be feared that many projects will go forward and the £7m. a year will be diluted between proposals to such an extent that they could prove ineffectual—remembering that the area for the proposals is what the French call "peri-informatique" or everything outside large commercial and scientific computers. The money must also be used to create a "focal point" for the co-ordination of national policies to aid the peripheral/mini area.

Detailed

There will be further grants under an £8m. scheme to foster component development, which is a mere ghost of the Japanese plans for very large scale integration (VSLI) circuits, and under £20m. to further software projects, both of which will help the peripherals sector to some degree, particularly if it should become possible to buy basic advanced components of European design and manufacture and incorporate them in equipment which would then receive preferential treatment from European Governments. At least that is the pattern of development if all things work out well in the European sense over the next three years or so.

All the foregoing is at European level. At the lower national level it will surprise no one to learn that France has formulated highly detailed and extensive plans which will ensure that French domestic industry shall ultimately have the major part of the country's internal market for peripherals. The announcements, made at the most recent Sicob show in Paris by Michel d'Orano, Minister of Industry, have been variously interpreted. One group of observers believes the French Government move to be a belated reaction from having sacrificed Europe's first significant joint computer venture—Unidata (Siemens, Philips, CII)—to expediency and Honeywell. Others have it that to stop throwing good money after bad and to use the funds thus saved in a peripherals venture where at least some return is assured to be good, pragmatic government. Thus they applaud the French move.

But exactly what does it involve?

It is an attempt to stop the increasing hold on the domestic market of imported equipment now representing some 70 per cent. of an annual sales figure put at French Frs.3bn. for 1976, of which the domestic companies provide only $1.3bn. worth, the difference (against 70 per cent.) being accounted for by foreign ingredients in sales by the latter. This market is growing at a rate of around 30 per cent. at present.

There seems to be some uncertainty as to which projections the French authorities are using to base decisions and support action in this area. The above 1976 figure comes from a lengthy document on the subject of support to the peripherals industry by the Industry Ministry.

From 1974 to 1980 an average growth in total sales of around 23 per cent. is foreseen, the final figure being close on Frs.8½bn.

This Survey was written by TED SCHOETERS

By then, the Ministry hopes, sales by domestic companies should reach Frs.6½bn. or 77 per cent. compared with 50 per cent. this year—not allowing for the imported ingredient in domestic products.

In other words d'Orano expects that action by his Ministry will allow the new French groupings being set up around companies with a peripherals history to increase their sales to the home market by 355 per cent. over four years. The elixir which will galvanise the new groupings into action is generally known as the "growth" contract. But it is one from French Government and not one easily given and simple to carry out. Firstly, beneficiaries must have a credible industrial and financial basis and set up a five year growth plan which is viable without State aid. To this is joined a much more ambitious plan as a vehicle for State aid. The extra financing costs involved would be shared 50/50 between the Ministry and the company. It is understood that three groups — Logabax, Transac-Sintra (CGE) and SEMS (Thomson)—have already taken this step with the ultimate aim of producing between them Frs.1bn. worth of equipment in this area by the end of the decade.

The growth contract purse is not bottomless and would be limited to around Frs.160m. a year until 1980 with Frs.200m. already earmarked for the conversion of CII's ill-fated plant in Toulouse.

Thus State aid could work out at a five-year total of £75m. to foster the minis, peripherals and micros and is a small amount to pay if it does indeed engender a home product in this area of £815m. by 1980. Even if the latter figure were halved and the former doubled the enterprise would be worth pursuing. Meanwhile Ministry and companies are looking for areas where home technology is weak but where there are possibilities of links with other, complementary European companies.

Rules

In Britain, apart from negligible sums available from the Advanced Computer Projects scheme, there is absolutely nothing to match aid on this scale, and the Central Computing Agency which has had its wings trimmed under present Government stringencies could not match d'Orano's largesse even if it wanted to.

Whether any such programme could ever be set up in Britain is a moot point — it goes without saying in France that if the State aids an industry, then the State automatically buys products which result from that aid. Not so in Britain. Hence all the skirmishing around single-tender contracts with International Computers in which the Government has a comfortable stake and which has received £40m. of repayable aid in the period 1968-76.

The problem here, so far as peripherals are concerned, is different. It stems from the fact that ICL is now a big international company in its own right with a world market base of £1.200m.-worth of computer systems of which £500m. or 42 per cent. represents peripherals.

ICL is believed to be number four in the world of peripherals shippers after IBM, CDC and NCR and has a total population of 5,600 printers, 13,000 magnetic tape drives and 16,000 disc drives for which it is responsible overseas—not counting the newly-acquired responsibility for Singer equipment.

Annual shipments are running at a total of 1,100 printers, 1,400 tape drives and 2,700 disc systems to a total value of £180m. and involvement with Singer needs may add possibly 80 per cent. to that figure. ICL is also shipping some 1,800 single displays and keyboards and as many as 9,000 clustered displays each year to which must be added an expected 2,500 to 3,000 for the Singer 1500 and Singer 10.

The foregoing suggests that the company has enough resources to go it alone in peripherals, but this is not the view of ICL management. CPI, the peripherals venture between CDC and NCR was joined by ICL simply because the latter firmly believes that only by pooling efforts can enough volume of sales of engendered to provide a worthwhile percentage of research and development money—in this field, product evolution is fast and fiercely competitive.

Tape

One of the first products to emerge in Britain from this collaboration will be a medium-capacity tape system which the company expects soon to be building in thousands a year with perhaps 80 per cent. going for export.

But the company is not bound rigidly to strict territorial rules according to product. CDC is a major disc supplier, but ICL retains an evaluation capability. CPI supplies printer technology, but ICL's quiet train printer is exported worldwide and is the subject of an agreement with Siemens. Drico is a major supplier of discs for the ICL export winner, the 2903—and so on.

The philosophy is quite different to that followed by d'Orano though it could be said that ICL and partners probably could present a lengthy list of products which would be at home in the French Minister's "peri-informatique" shopping list. At the same time, DRI, although under the wing of the National Enterprise Board, is not barred from working with European groups.

But unless CPI specifically decides to cover the somewhat different needs of the growing

CONTINUED ON NEXT PAGE

COM placed for growth

ONE OF THE areas of development work on equipment serving computer installations in which there is no European presence worth a mention is COM, computer output on microfilm. Yet this could be a grievous gap if analyses and forecasts made by the BIS organisation about the market for methods of presenting output from a computer are correct.

The study was aimed specifically at analysing what would be the future of paper usage by the computer industry, bearing in mind the fact that prices for the high quality paper used in most types of computer output have been rising faster than basic pulp/paper costs. These are put roughly at inflation plus *10-20 per cent.* Computer output usage is in the form of business forms, charts, tally rolls and the like, and the study says paper consumption is at or very close to a peak despite the expectation that installations may double in number by the end of the decade.

BIS can show that 49 per cent. of users rely extensively on TV type displays to get information out of their installations, rather than calling for a print-out, and expects this figure to increase to 84 per cent. by 1980. At the same time, the percentage of operators who use COM for archival, management and functional information handling, either systematically or occasionally, will rise to close on half of a much larger market from 29 per cent. now.

The implication of these last figures is that many first-time users of computing equipment will, a priori, go to COM output from their magnetic tape and construct their business systems *largely around such output on* microfilm or fiche. In fact, it is more than an implication in the view of many observers, who consider it to be an inevitable move because of the great increase in the clerical costs of handling masses of data on paper when the computer itself can control the production, storage and retrieval of vast amounts of information on microfilm.

Eurocom microfiche viewers made at C and N Electricals in Shrewsbury.

Ingenuity

But COM equipment is not cheap and the lowest-cost unit brought out so far is about the price of a hefty minicomputer-based business system. Manufacturers have performed marvels of ingenuity to simplify what is inevitably a very complex electronic/chemical hybrid process, making their equipment virtually foolproof.

Two conclusions seem inevitable here. One is that the very fast growth of bureaux offering COM service must advance at the same rate for several years. The other is that the first company to build a simple and cheap COM unit with less plumbing (to deal with photographic chemicals), or none at all if a direct *method of writing miniscule* characters direct on film by steered laser beams can be made compact and reliable, will have an immediate mass-market.

This will expand rapidly as paper and staff costs continue to increase and methods are perfected to use microfilmed information not only as a final output product but also as a base from which to feed data directly to a computer for processing.

Appearance on the market of much simpler equipment is to be expected soon since both Datagraphic and 3M have already built viable laser-based COM recorders, while IBM is working on a novel method of transferring information from laser-beam to microfilm through a dye sublimation process. In the meantime all manufacturers are improving and simplifying their more traditional equipment — Datagraphix recently unveiled a down-market unit it calls Autocom.

Calcomp, whose equipment is handled in Europe by Agfa-Gevaert, is another group noted for its expertise in electro-mechanical equipment, while NCR has been particularly active in the median portion of the market with Quantor.

For the time being, however, it will be to the large users that potential converts to COM will look for innovation in the way *the technique is applied.* In this context comes the recent Barclays Bank decision to make far more extensive use than hitherto of the method. Fifth largest bank in the world and biggest in Britain, it already had considerable experience of microfilm before moving on to a big COM application — probably the most extensive to date in Europe. Nine Kodak Kom-80 microfilm units operating from computer tape are being installed, and 3,000 branches will receive microfiche readers, of which 5,000 have been ordered from NCR and 1,000 from a recently established British company (C. and N. Electricals) under the wing of the National Westminster subsidiary known as Eurocom — a total order of several million pounds.

All Barclays customer transactions are processed overnight. *Paper print-out showing account status for each customer is made* and sent — in four copies — to each branch before opening every day, whatever the weather. This last operation required five tons of paper every day and the paper bill alone is running at *more than £1m. a* year. Forty line printers in two main centres are needed to cope with the load.

Reduction

When the COM units are installed they will allow the use of print paper to be cut by 85 per cent. and free a large amount of computer time and capacity. But also this move over to microfiche means a sharp reduction in transport costs and — because most branches are in premium high street sites — will cut pressure on storage space caused by ever mounting piles of paper records.

This is only a first step in some very far-reaching plans that the bank's data processing staff is now working on. As it is now conceived, the service will provide up-to-date balances as at close of the previous evening's business. It is envisaged *that it should be possible in* the near future to provide on microfiche full-page statements on a daily basis, as well as an *instant look-up of interest* accrued to deposit accounts.

Elsewhere in the bank work is in hand on using the system to provide signature copies for validation of inter-bank drafts. A parallel back-up system to the on-line authorisation arrangements will provide a standby in case of need.

*There is also the consideration of privacy in the legisla*tion now pending. It would be possible to provide each customer with a print-out on microfiche of all the personal details the bank is holding so that there can be no argument as to the extent of the private information held in the bank's files.

Also of considerable importance in time and paper saving is the use of microfiche to keep an audit trail of the 0.01 per cent. of the 1.5m. to 2m. daily cheque clearances which need further attention.

Another very large user with a central accounting problem is Yorkshire Electricity Board. Two million customers at 200 branches generate a requirement for 300 master fiche daily from which some 4,500 copies are taken. Main application is customer billing, and a compl[ete] new file for each customer [is] generated each time there [is a] *data change such as a new p[ur]*chase.

Significant in this context [is] that YEB made a thoro[ugh] evaluation of the customer [bill]ing application on the A[gfa-]Gevaert COM equipment [and] the array of readers [and] printers needed for [the] branches against a proposa[l to] use a series of terminals [link]ing these 200 branches [i]working to a central account[ing] system on a large compu[ter]. The COM system won ha[nds] down on cost.

Both the above examples [are] of very large users and [the] bureaux offering a COM serv[ice] would reckon a customer spe[nd]ing £5,000 to £6,000 a year [on] COM services to be a [big] spender in this area. Moreo[ver] by the end of the year, the [total] COM unit population in [Europe] is not likely to be more [than] 600 units. Nevertheless, [the] builders of COM equipment [re]port *startling rises in [their]* sales. At the same time t[hey] are generally rather small s[ub]sidiaries of large groups w[ho] are well placed to expand fas[t if] IBM should move into [the] market or if electronic circ[uit] *technology and the laser shou[ld]* produce a COM breakthrou[gh] at the low end of the mar[ket] in the not too distant future.

Plug-compatible challenge

AS THE U.S. Department of Justice's *IBM* hearing in New York rumbles on into the fourth and last segment of this interminable lawsuit, there is in progress on the West Coast a battle between IBM and Calcomp, also largely concerned with *peripherals and alleged monopolistic* practices involving them. The West Coast procedures are expected to take six months to reach a conclusion—the main suit may not be completed by the anticipated date of June, 1977.

Since they are both of major importance to manufacturers who make plug-compatible equipment to rival that of IBM, the outcome of each is significant. But by the end of the hearing in New York Judge Edelstein may have accumulated trial transcript equal to 100 times the book Gone with the Wind in length; how he is to review and evaluate such a mass of detail is a matter for conjecture.

Some of the plug-compatible people attach little importance to these proceedings, basing their judgment on earlier victories won in European and American courts where users were shown to have been harmed when IBM hampered *Itel from installing its memory* devices in replacement of IBM originals.

One manufacturer, Pertec, which expects to grow to a $90m. turnover next year and produces tape drives and fixed and flexible discs for many applications, positively welcomes new IBM ventures in its sphere of operations.

Ryal Poppa, president and chief executive, commenting on the appearance of IBM's long awaited *small machine,* code-named "Peartree" but known as Series 1, said it would engender a large amount of new business for his own company, and presumably other plug-compatible operators. And his reaction to the protectionist attitudes *of the EEC* is similar, since he reckons that the European backing for *"peri-informatique"* equipment will be aimed mainly at minicomputers. This will be a boon to U.S. manufacturers of peripherals, since total *data processing* expenditure in 1985 will be a colossal $100bn. while U.S. companies account for up to 70 per cent. of sales in Western Europe where 55 minicomputer companies are active.

Europe will continue to be a major centre of expansion for makers of mini-peripherals and especially the electromechanical ones—"not likely to be developed in Europe at this stage of the manufacturing cycle."

Hardware

Poppa says that as developments in engineering and electronics are moving now it is possible to foresee that computer applications which need £50,000 worth of hardware now will be carried by equipment costing a tenth of that in a few years. His company is already feeling the results of a vast growth in minicomputers but by the mid-80's when microproces*sors are penetrating into most* areas of business activity and the domestic equipment market, demand for the devices which provide the micros with information and operate under their instructions will be larger by many times. Pertec is looking carefully to micro-based systems and estimates that components it is or will be able to supply amount to 30/50 per cent. of possible systems components.

As the company is the largest independent supplier of tape transports and has over 60,000 of these world wide, its views should carry some weight. For this type of product it foresees a growth of 5/10 per cent. till the end of the decade. This is, however, completely overshadowed by the forecast that flexible and medium capacity rigid discs will grow at 30-40 per cent. compounded until 1980 and beyond.

Itel Corporation, which has made a name for itself by supplying plug-compatible replacements for IBM main memory using a large scale integration technology providing memory systems somewhat faster than the latter's, recently extended the industry's understanding of "plug-compatible" in a dramatic way. Where enterprising innovators in the mini world had for some time been offering emulators for Digital Equipment Corporation machines, Itel, with the aid of National Semiconductor, announced that it would be presenting to IBM users during the course of next year central computer units covering a large sector of IBM's large machine field with a target of at least 11,000 machines installed. Advanced Systems 4 and 5 are the basic machines under development but it is thought that Itel will ultimately cover the whole of the IBM range.

The interesting aspect of this development is that Itel is much more of a systems designer than a manufacturer and that it, like Amdahl, has called on major makers of advanced circuits to enable it to produce copies of IBM equipment but using the latest electronic engineering technology available. Observers in Britain with long experience of microelectronics see this as an important development because of the growing resistance of computer users to further vast changes in the [soft]ware and operating systems [of] new machines, however [much] the pie in the sky. [If] Amdahl offers twice the [per]formance of existing machi[nes] for the same price and no s[oft]ware changes and Itel the sa[me] performance at half the p[rice] and no software changes is [a] key factor.

The question, of course, [re]mains of how long IBM [will] continue to "feed the [hand] *that bite it"* so to speak. [And] there is a school of thought [that] says that while the [Justice] Department action cont[inues] the current activities of [the] Amdahl, Itel, Memorex, Telex, among others, can [be] instanced by IBM as proof [that] it does not strangle competition.

And just how far the c[om]petition has to go in order [to] match the developments Number 1 can launch on [an] unsuspecting market is [in]stanced by the crash program[me] Sanders Data Systems un[...]

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Sales

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masses of mini and micro processors. Government action in the U.K. to foster special production for this area by home companies will be inevitable.

ICL points out that it is in mini-computers with the 7502, 2903/20 Singer 10 and 1500. But it also says that it is not in the plug-compatible business which is "fraught with danger, provides low profit margins and is vulnerable to price cutting and to switches in manufacturing policies by the makers of the original equipment."

This may be so, but a study of cost movements in mini-computers by a French publication "Minis et Micros" shows that central processors now represent only 3-5 per cent. of total system cost against 8 per cent. in 1972 and peripherals over 80 per cent. against, say, 70 per cent.

The mini-battle has been lost in Britain, as it has in Europe. However, this does not mean that peripherals for minis and micros should be left to "market forces." These market forces are too strong for any government's comfort. If the Mackintosh Associates figures of a £600m. deficit for 1975 in Europe's computer equipment trading are correct — and America's £2.5bn. favourable balance must come from somewhere—then a high proportion of the deficit has to be due to peripherals imports, either fully manufactured or in the form of semi-assemblies and components.

A brief look at official U.K. trade figures bears this out immediately. Meanwhile, senior electronics industry management in Britain believes the European situation on memory chips and basic micro-computers to be irretrievable. But this does not mean abandoning assembly of such basic units into devices with an added value far higher than the chip cost. Nor is the situation as black as some of the statistics would show since major U.K. companies, Plessey among them, are taking a close look at advanced peripherals units with the export market in view. Nevertheless, EEC governments would do well to take a leaf out of the French Government's peri-informatique plans, if only because the latter's planners have learned such a bitter lesson with their experience of the French national computer company, CII.

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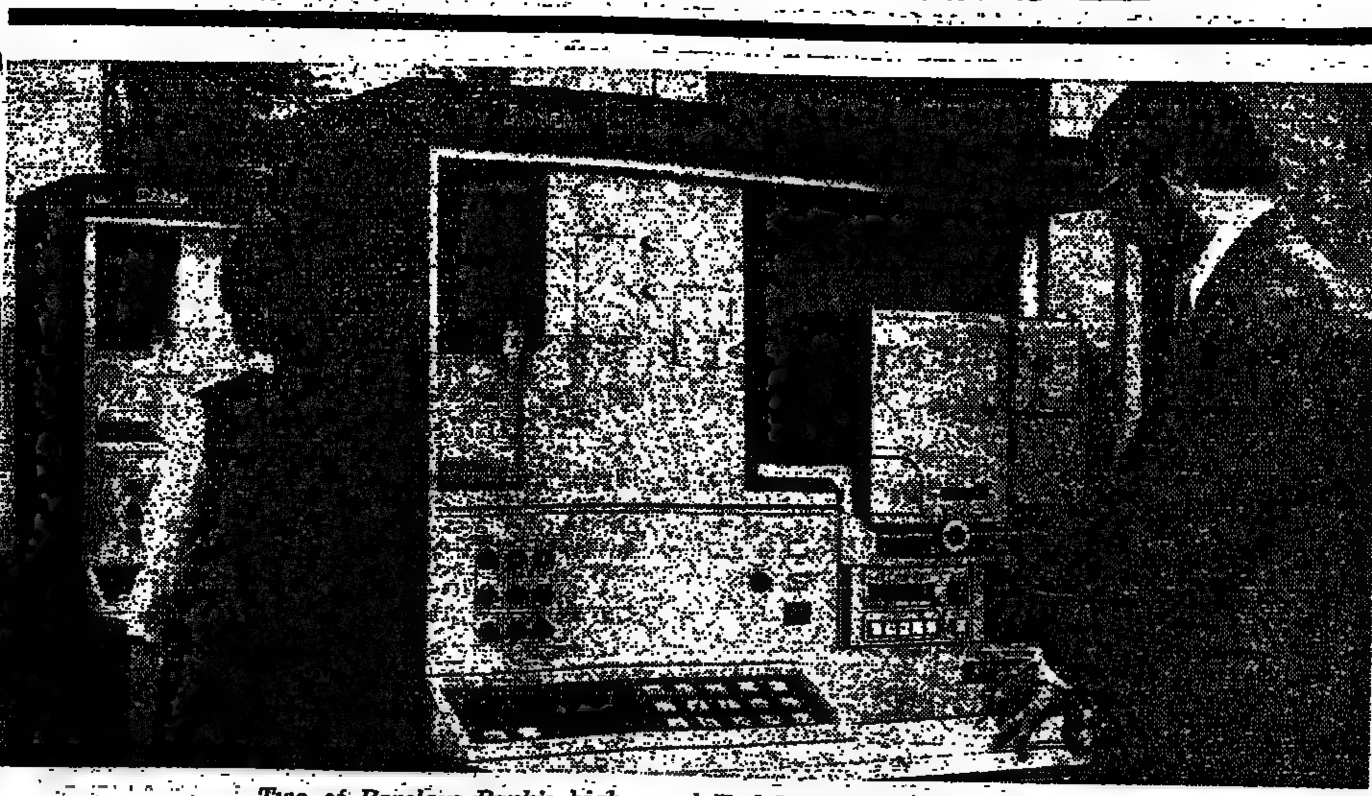

Two of Barclays Bank's high-speed Kodak "Kom 80" microfilmers.

Rapid changes for raw data

OF ALL the various sectors of the computing systems market none is undergoing such a rapid change as the capture of raw data for processing. This is inherent in the way in which various suppliers have moved and in the degree of acceptance of their new products and operating ideas by users.

For most of the 1960's, market observers were predicting the end of the punched-card era at the hands of the developers of key-to-tape, optical character readers and mark sensors. But the card systems are still with us in great numbers, albeit in buffered version and to a growing extent at minicomputer sites though most of the competition with IBM at the low end of the business systems market has offered 96-column card options as new equipment has been brought out, 96-column being associated peculiarly in the first instance with System-3.

A lengthy study of this area of the computer equipment market—which accounts for a fifth on average of spending on any computer site, by IDC Europa—shows how various major sectors have moved relative to each other over the last five years. It reveals how paper tape and punched card have suffered in the period at the hands of direct data entry and key-to-disc in that order. What it also shows, if direct data entry is the system of the future (both at self-contained sites and also where a large decentralised network is in operation) is that ICL has the edge over IBM in the technique in the U.K. and elsewhere in Europe where ICL has presence.

Punches

But there are 8,000 buffered key punches in use in Britain and about 30 per cent. of installations have them as a sole source of entry material. To talk about the demise of the card is therefore rubbish since in absolute terms it is probably holding its own because of the increase in installation numbers. Significant too is the extent of the hold IBM still has on the punched-card market.

ICL and Kode have the lion's shares of the UK paper tape market, but the latter has just announced a replacement for paper tape and punched cards called DataVet. This has combined the accuracy of information entry by visual display with data cassette storage, and ability to emulate the remote job entry terminals, of the Big Four, all under the control of a microprocessor.

Ability to replace remote job entry terminals from the majors and to work with small business systems from NCR and Philips is important. It gives Kode a large area to concentrate on, in which it already has many sites and it offers users of less powerful computers a way of increasing their efficiency by taking the onus of data preparation from the original processor.

Each Kode key station is independent and provides "pre-main computer" validation. Kode thus joins with a host of other suppliers of key to disc equipment who have sought to break the dominance by IBM of the card market by bringing in a much more advanced technology for data capture.

Whether Kode, Redifon, MDS, Interscan, Inforex and Olivetti will still be competing with the main frame makers in this area in the 1980s is a matter for conjecture, especially as IDC sees the key to disc market peaking in 1978.

Direct data entry, either on the smaller machines of new ranges, or via intelligent terminals at remote sites is the key. But such terminals play a dual rôle and are no longer simple data capture devices since they have a degree of computational and conversational capability which far removes them from the input terminals of five years ago.

If the larger manufacturers who build central processors are going to integrate data capture in all their products, the opposition will have to seek new areas of endeavour. What these could cover is shown, for instance, by the Plessey venture into data capture with a portable unit launched in early 1975. In a very few months it attracted close on £1m. worth of business—for the 1450 light pen/data key device used for stock control, spares and labour data capture and order entry validation among others.

The light pen is used to read bar code on stock and the small numeric keyboard to provide additional data. Information is stored on cassette and—at Sainsbury's for example—is transmitted during the evening from each store to a computer centre where it is analysed to provide a list of requirements for the next day.

The size of a portable transistor radio, the capture unit is used with a transmitter device to transfer the information over P.O. lines to head office.

Light pen experience in library circulation control equipment led Plessey down this particular data capture path, which is in close parallel to point of sale equipment.

Network

Plessey is not alone in the field. MSI of the U.S., for instance, has about 55,000 stores using its terminals (portable or not) worldwide, while Westrex has units which are independent of the telephone network since each is equipped with its own transmitter feeding to a central multi-channel radio unit on-line to a computer.

Muirhead, of facsimile fame, is selling equipment very similar to the latter under the Infopak label. However, another data capture system in this series uses the spoken word to give and request information through at one end a pocket-sized terminal with acoustic coupler and, at the other a recorder/translator operated by a PDP 11 (non-exclusively) which holds 1,500 words of pre-recorded vocabulary selected by the customer.

These can be organised by the program into specific questions to cover the requirements of users not only for stock and order control but also for credit control, education and medical applications.

The Plessey light pen venture mentioned above brings in the point of sale (POS) data capture question. Early attempts to provide large U.S. department stores with massive networks run by very large machines taking information on line from POS terminals failed spectacularly. But many smaller companies joined in, only to be mown down progressively over the past 18 months or so until there are only NCR, Sweda (Litton), IBM and ICL (Singer) left as significant suppliers in Europe.

There still is a great deal of confusion as to what one is talking about in the case of POS. There are close on 40,000 terminals installed in European retailing but many of these are key data units or electronic cash registers. How many represent installations where light pens or magnetic wands are used to collect a mass of information without other operator intervention than passing the device over a bar of code is not known with any accuracy. They are perhaps one-tenth of the above total.

Of course, some market observers will argue that POS is too specialised to form part of the data capture scene. But is it? The amount of clerical drudgery a well-designed POS system can eliminate is enormous. At the same time, anyone who does the week-end shopping does not need to be told that the supermarkets are still far from solving their check-out problems.

It will undoubtedly assume greater importance in the retail and department store world just as direct entry of incoming orders for warehouse control made its debut among the large department store fraternity in Britain.

In the meantime, as clerical services continue to grow more expensive, organisations running large services covering miles of the countryside and major cities will find themselves forced into greater use of mark sensing and/or laser-based OCR with ability to read a number of hand-written numerals and other signs. Nor can OCR reading of data transmitted by facsimile methods be excluded from the total area of data capture. But for the immediate future, the key and the display will continue to dominate the market.

Challenge

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ok to match IBM's announcement of SNA and SDLC—the new dispensation in distributed processing which, says Sanders, firmly locks in any IBM user who chooses that path.

Sanders is offering plug compatibility to the extent that its equipment can be run with IBM processors in a network on SNA, thanks to an interface designed by Sanders. But the company is offering would-be users of distributed processing a step-wise approach which must be much simpler and less costly to implement than a full switch to SNA with new hardware and software.

The company is appealing to users' growing awareness of the value of their own software repertoire and at a time when no one is prepared to face vast new expenditure.

While it is fashionable to design a product to beat the majors in the market such as IBM and DEC, ICL is not escaping the attention of such organisations as Telex which has begun to offer large disc systems to established ICL users of both System-4 and 1900 machines. Here, piquancy is added because many potential customers are in government sites and the plug-compatible business is watching carefully to see how Telex fares with large disc systems in such situations.

There have, of course, been for some time alternative suppliers of plug-compatible equipment on 1900 machines. Mills Associates is one which has been running bureau services on 1900 for some years and providing maintenance and repair services at less cost. Mills is also a supplier of extended core memory for certain types of 1900s, as well as magnetic tape drives and exchangeable discs from the Ampex ranges. But it supplies to other users after considerable experience in its own bureaux (of which there are nine) the units it is proposing to market.

Systems

Feedback Data is a wholly British company which has been working on plug-compatible tape systems for four years and can claim compatibility with most major producers at very much less cost, particularly than that of imported equipment in these days of the skeleton pound.

In recent weeks, because International Computers now has its own in-house capability for solid-state memory and is instilling this on 1900's as well as the 2000 series, Plessey has joined the ranks of the plug-compatible suppliers whose target is ICL equipment. Until the ICL decision, it had been a major supplier of core memory for 1900's.

The market is the 1500 machines of the ICL 1900 series installed in the U.K., with the similar number of machines of this series at sites overseas. The equipment offered comes from the compact P series of core memories developed specifically for minicomputer support. In the brief period since they were first announced, these have sold in Japan alone to a total of 2,000 installations.

Significantly, Plessey has emerged as a major alternative supplier of memory and add-on memory for both DEC and Data General machines, consolidating its position among the world's leaders in this sector of data processing equipment manufacture.

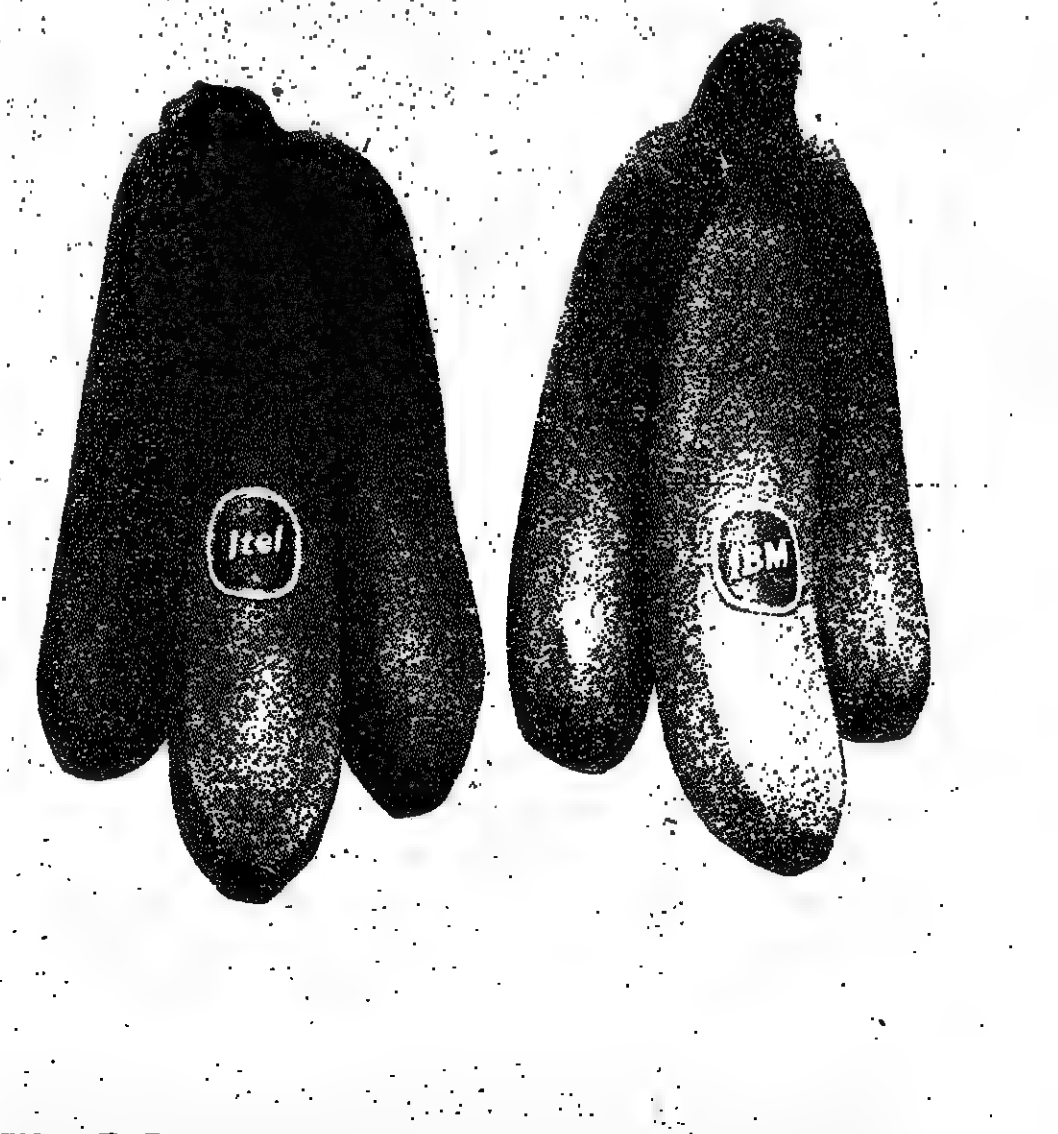
The growth of the plug-compatible industry is part of the general growing-up of computer users, who are no longer content with what the original equipment maker is prepared to offer across the diversity of devices which go into a computer system. It also stems from the increasing trend underlined recently by David Caplan, vice-president of engineering at Inforex, for manufacturers to ponder the make-or-buy-in question very carefully; much more carefully than young and fast-moving companies have done in the past. There is a strong argument in favour of letting the OEM organisations "take the risks attendant on leading edge technology."

Because of this, the prediction of Cecil Marks, former president of the British Computer Society, that by the year 2000 users will be calling the tune while producers of hardware and software work to meet their requirements may come true long before then.

Already the computer bureaux are doing far more with hardware and operating systems than the suppliers ever thought possible. Meanwhile users are becoming increasingly liberated along the same lines and in direct proportion to the amount of pressure put on their processing departments to function efficiently.

It is an historical fact that it was a major user in the U.S., du Pont, which prompted Telex along the plug-compatible road in 1966 when the big chemical concern began to question the high cost of using IBM tape drives on rental. It almost ended for Telex when a judgment in its favour at the end of a lengthy lawsuit against IBM to the tune of over $200m. was reversed on appeal last year.

It is fitting to end this look at the plug compatible scene by noting that Telex must still be a thorn in IBM's side since it has drawn the attention of the latter's peripherals users to the fact that in January when the latest round of IBM price advances takes effect they will be paying 60 per cent. more compared with a user who entered into a contract with Telex 2½ years ago for similar equipment. And Telex is hitting at the giant with three of the highest cost products in any system—add-on memory, high capacity discs and tape driver.



Providing an analysis for the smaller company

EARLIER THIS year the National Computing Centre released the results of a survey of the data processing requirements of small companies. It has just offered a service to the data processing industry at large intended to remove manufacturers' jargon from all releases however often they are produced, thus presenting a better evaluation of each new product.

The survey showed that the companies consulted were aware of what computing meant and what type of work they could expect to put on machinery within their financial ambit. It was addressed to a market too high up the cost scale in the present state of data processing for its conclusions to appease any sense of concern on the part of NCC. For existing users, the product analysis service is invaluable. But what can it do for the tyro?

NCC is the first to agree that a first-time user or would-be user is an unfledged nestling in a world of hawks and it is being pressed both by members and from outside to provide a great protective umbrella to the user who starts, say, at £4,000 to £5,000, of whom there will be *very many over the next decade.*

Just how many is hard to estimate. But total sales in Europe of minicomputers, microcomputers and small business systems are expected to rise from £700m. this year to £1,100m. in 1979. These figures include OEM equipment and £25m. against £78m. worth of microprocessors and support chips.

Price attrition in small business systems and minicomputers is rather hard to *measure.* It is and will be severe for several years in microcomputers so that the apparent threefold gain in three years indicated by the above figures may be completely misleading and may hide as much as a sixfold or tenfold increase.

Procedures

All this may appear to be a long way from the peripherals scene but as underlined else*where in this survey, the pro*cessor itself is becoming daily less important while the hardware around it which provide the infeed of information and takes the processed work from the computer is worth perhaps 20 times as much. Designing the operating procedures to suit a particular client's needs can cost as much and more than all the hardware put together. Still there has to be a processor of some kind and if an average value of, say, £7,000 is put on the low end of the market systems will appear in large numbers as engineers become more confident they can handle microprocessors and as smaller minicomputers decline in price. In this way the figures for Europe will give some idea of how many newcomers can be expected over the remainder of the decade.

Perhaps an even clearer idea of the potential free-for-all which is in the making can be *gained from the work recently* completed by PA Management Consultants for the European PII organisations and concerned with the growth of terminals in their countries.

The figure for Western Europe by 1985 is a staggering 2m. of which 400,000 is in Britain, 380,000 in France and 500,000 in Germany. Of course, all of these will not be intelligent and many will form part of dedicated networks for the banks, the airlines, nationalised and service industries. A large number will not be with first users. But there still will be many tens of thousands in first sites with ability to run a number of peripheral devices.

A would-be user can do one of two things, go through the whole process of appraisal and consultation by himself, if he has the time, or rely on an outside agency. If he is thinking of a very small system to assist a "one-man busines" he will not have the time. Therefore the next move must be to seek advice from a consultant and or a service bureau, preferably at the same time, since the bureau can offer several forms of service from time-sharing to turnkey. The independent consultant would evaluate each proposal according to its merits in the particular case and might not agree with the choice of hardware suggested. This is important because a bad choice of storage medium or output device can bring a business to a stop just as surely as when a pneumatic drill goes through a line linking a user with a bureau.

Terminal

And there is a wealth of services to choose from. The most recently announced is by Computel who would put a single peripheral at a small user site and require a user to say exactly what his needs are, leaving him to key into the display terminal the information required to produce the results, some locally, some on a central computer.

Facilities management might be the way out — in which experts run the equipment suggested by them to norms agreed between user and supplier of the service. Whether the companies offering this kind of support will come right down market remains to be seen. *If they do,* they will take peripherals problems on their own heads.

It might be an advantage to call in designers who will put together equipment specifically chosen or built for the job. Warlen Point, Caps MicroSoft and SPL among others will do this. Options also include the running of specific jobs such as payroll by a bureau specialising in this (Centrefile is one such) and handling the remainder of the work on less powerful equipment.

Having made the choice and installed a system (or not, as the case may be) the user will almost certainly find that, with familiarity, a number of new applications are crying out to go on the machine — but there is not enough capacity, at least at first sight. It would be wise in this case, rather than calling on the original supplier, to talk to such people as BIS Applied Systems who specialise in preventing users (but generally the larger ones) from rushing into a purchase of new equipment.

Some of the aspects of service under this heading BIS provides are invaluable because we have here a involved observer who is mitted to doing a cost-saving and would prefer to get extra work out of equipment improved time control minimal rearrangement. extra devices are required will be the minimum needed will be brought in long beforehand so that the operation is not disrupted.

The message is that what a user needs, it is well a buffer of some kind himself and the data process sales force. These "s absorbers" can be found by sulting the British Comp Society, the National Comp Centre, or the Computer vices Association. The small *dependent* consultants also soon band together into form of association to make easier to find and some are sidering a campaign to pro a better awareness of prob faced by potential users, op ing through Chambers of merce for instance.

The new LogAbax 4500 small business computer.

New midgets are unveiled

THIS YEAR'S Compec is remarkable for the amount of new equipment specifically designed to meet the needs of the mini and micro computer user and not converted from large machine support units.

There is such a wealth of *devices that it is hard to know* exactly where to start. However, two new minicomputer series have been unveiled recently—by Honeywell and Hewlett-Packard. Both have developed peripherals to work with them. Honeywell's Level 6 family is being given a new and compact 300-lines-per-minute printer as well as a 10-Megabyte disc in an 11-inch lightweight cartridge. Honeywell is worthy of particular mention for its Level 6 venture since it is the *only major* which for seven years or so has had a minicomputer series designed both for process control needs and to work with its larger standard business systems. Of course, there are now two minis from IBM, though the latter insists they are not, preferring to class them with small business systems and communications units.

Hewlett-Packard has had a bumper year of announcements covering everything from complex laboratory instrumentation to displays which are virtually computers in their own right. One of them can store up to 500 lines of 80 characters with scrolling and have four character sets stored in memory. It has its own microprocessor-controller which manages memory, communications, display and keyboard.

There is a variety of printers and printing terminals and it need hardly be underlined that Hewlett-Packard is a company *to watch since* it has a whole new electronics technology waiting in the wings. This will allow it to provide far greater versatility for the same cost, or match anyone else's product for less cost and it will become available over the next 18 months or so.

The two companies mentioned are each in second place in world computing, one in the general purpose area and the other in minis. Both are controlled from the U.S. as are the majority of exhibitors at the show. This does not mean that the U.K. cannot build peripherals for this area of the market—take-off has inevitably been slower and some companies have had a bad time.

But the talent is there and production costs have never been lower. Would it be possible to turn Advanced Computer Projects into Peripherals Promotion Projects with some*thing like 50 times the annual* spending money? This still would only be a fifth of what is still being spent in pursuit of the atomic will o' the wisp and it would yield immediate benefits in creating new jobs—most welcome in those areas of Scotland where the withdrawal of the big multinationals has left numbers of unemployed who are conversant with electronic equipment assembly.

Domestic

Existing organisations set up to foster domestic development no longer appear able to cope with the magnitude of the task which involves somewhat more risk-taking than they are prepared to contemplate and *that at least on a European* scale.

Yet U.K. concerns can tackle difficult problems with success. Spectronics, for instance, which is an NRDC-sponsored company, and so far as is known the only British manufacturer of small printers, has cracked the particularly difficult problem of building mobile units for the tough police patrol environment. This small thermal printer has only four moving parts and thus is ideal for use *where it may at any time be* subjected to strong random accelerations.

For its more usual units the company has chosen a building block approach so that users can match their needs more closely. Now under the wing of the National Enterprise Board, the £10m. Data Recording Instrument Company (Drico) has made a particularly vigorous effort to provide advanced magnetic recording media and matrix printers matching the best imported equipment while maintaining exports to 20 countries.

Latest product is a double-density diskette meeting the growing demand for this type of equipment in the mini-world. Several other manufacturers are bringing out new versions of floppy disc systems either as OEM units—the Shugart Associates SA400 from CPU Computers—or as the key component in a terminal—the Delta Data Systems work stations.

Just what can be done by marrying this disc technology with a microprocessor and display/keyboard is instanced in the Computer Ancillaries M-One designed wholly in the U.K. and initially as a specialist stock control unit.

This assembly costs just under £4,000 but can cope with up to 12,400 stock items. Developments along the lines of a dedicated system so low in cost that it can be applied virtually anywhere in an organisation with no more fuss than putting in a new electric typewriter are being considered by CAL and could revolutionise the very low end of the market as people come to realise how simple it is. Not far from £500,000 worth of business for the one product from an infant organisation seems to show this is taking place. But M-One could not exist without its floppy disc and the accuracy and talk-back capability of display entry/output.

Logabax, a company favoured in the French mini-peripherals reorganisation and sales drive, is here in strength and—already a force to be reckoned with in Britain—is demonstrating how to attract the user. For instance, it has given its matrix printers a new print head with a life expectancy of more than one billion characters.

A phenomenon in the peripherals market has been the appearance and growth of "honest broker" groups who have enough engineering capability of their own to pro local back-up to any equip imported from the U.S., ol ting the unfortunate con tions of "FOB California" w many users take to be a of trouble to come.

Extel is one of these orga*tions* and while it began communications units, not naturally, it has now exte the range of equipment it and backs to cover very p ful micro-computer terminals with a great de local processing capacity.

Devices

Coming on to the market with a somewhat di ent range of equipment Geveke, an organisation co *ing most of Europe and* ba by a very large Dutch gr Between them these two panies are beginning to most of the devices any pherals user in the low/med scale areas might need. strength is their ability to on suppliers through bulk chasing—a thing the agent a single product cannot do. This is all to users' be since it can act on price, quality.

So far, Digital Equip Corporation has not been tioned. But its theme at Com is heavily oriented towards microprocessor and equipm to serve it as well as netw operations.

When DEC, which is the gest maker of peripherals i *market area, does this it* well to take note since theme shows what the comp believes to be its future.

A focal point is a telet writer incorporating a mi This gives it ability to edit, s and forward, and accept Batch transmission can be ru up to 300 baud, cutting cost both computing applications in straight communicati work.

Savings in line charges very high and the product not go unnoticed in the se services world which uses m thousands of line terminals over the world.

FARMING AND RAW MATERIALS

U.K. timber estimate revised

By A Correspondent

THE U.K. softwood statistical committee has arrived at revised estimates of import and apparent consumption for 1976 and 1977. The U.K. delegation at the European softwood importers'-exporters' conference withdrew the figures for the meeting held in London at the end of last month because of drastic changes in the economic situation.

Revised estimates for 1976 put import and apparent consumption higher by 50,000 cubic metres at 7,150,000 cubic metres. But the year-end stock figure has been left unchanged at 2,132,000 cubic metres.

For 1977 the apparent consumption forecast has been reduced by 300,000 cubic metres to 6,400,000 cubic metres—a reduction of 4.5 per cent. on the original estimate of 6,700,000 cubic metres and of 10.5 per cent. on the revised figure for 1976.

End-1977 stock is estimated at 1,850,000 cubic metres, the lowest for many years, and this leaves the import requirement for 1977 at 6,118,000, which is 450,000 down on the original estimates and 1,032,000 cubic metres down on the estimate for 1976.

Shaky start to EEC-Norway fish meeting

BRUSSELS, Nov. 18.

NEGOTIATORS BETWEEN Norway and the Common Market on rights to fish in each others' waters got off to a difficult start to-day with Norway demanding access to within 12 miles of the British coast, informed sources said.

This was rejected by the EEC Commission, which is negotiating on behalf of the Community and which only has a mandate to discuss access to the Community's 200-mile zone without designating specific areas at this stage, they added.

The Norwegian claim, made by Norwegian Law of the Sea Minister Jens Evensen, is unacceptable to Britain, which is seeking an exclusive 50-mile band round its coast for its fishermen. This would exclude other EEC states as well as non-members like Norway.

Mr. Evensen said that access to British waters was of vital importance for fishermen in Western Norway who took about 90 per cent. of their North Sea catch in an area between 12 and 50 miles off the British coast.

He said he wanted to phase out fishing off southern Norway by vessels from West Germany and France over a period of three to five years. But the Commission rejected any suggestion that Norway be allowed to treat individual EEC nations differently.

New marketing scheme for Australian wool urged

SYDNEY, Nov. 18.

THE Australian Wool Corporation has recommended to Primary Industry Minister Mr. Ian Sinclair that it be allowed to compulsorily acquire all lines of a particular type of wool (from each farmer) of up to six bales, the Corporation chairman, Mr. Alf Maiden, has told the Australian Wool Industry Conference annual meeting here.

In addition, the corporation recommended that it should have the right to buy additional wool over and above the six-bale limit if needed for particular purposes.

Mr. Maiden said the proposal is a step towards implementing the corporation's 1973 monopoly marketing scheme and is based on compromise suggestions by Mr. Sinclair.

Earlier, conference chairman, Mr. Don Von Bibra, said the scheme is unacceptable to the Australian Government although Mr. Sinclair believes it should be implemented in steps.

But Mr. Maiden believes the recommendations represent the absolute minimum needed to achieve any worthwhile objectives for the industry.

What they may provide is the more efficient handling of small lines and an opportunity for the corporation not to have to rely on its dwindling stocks as the sole source of wool under its control, with which to develop more important handling innovations, he said.

The corporation recommended it have the right to buy wool over the six-bale limit as even if the scheme is based on compulsory acquisition of up to six bales, significant demand for certain types could denude Corporation stocks.

This could leave it powerless to exercise short-term price stabilisation for certain types, as has hapepned this season, and also unable to assure supplies, if needed for specific marketing initiatives, he added.

Computer analysis showed if the cut-off point was lower than six bales per grower line, the types of wool entering the corporation's inventory would be significantly out of balance with the average clip.

Mr. Maiden stressed that the corporation believes the 1973 scheme represents the most valid blue-print of the direction in which the wool industry must move to obtain the optimum benefit.

The industry's full potential will not be achieved until most of the clip is acquired by a single authority, Mr. Maiden said.

He noted one of the scheme's recommendations, the reserve price scheme, has been adopted.

The scheme proposes that the corporation acquires all wool for export and act as a single seller, board member Mr. David Asimus said.

He said the proposed partial acquisition plan before Mr. Sinclair would enable the corporation to acquire around 1.75m. bales a year, nearly 40 per cent. of the Australian clip.

Mr. Maiden also told the conference that the flexible reserve price support will normally be used only for "pot-holing" this season. "Pot-holing" means using the reserve price to support particular lines showing unusual price falls at auctions.

However, should the market take a downturn in opposition to the market outlook, the corporation would use flexible reserves to help prices stabilise at a level and on a tendency in keeping with the longer-term market situation, he told the Australian Wool Industry Conference annual meeting here.

Possible causes of such a downturn include a general undue reaction to previous price rises or currency speculation, Mr. Maiden said. He added that the corporation has used its flexible reserve powers a couple of times this season, including this week.

The corporation believes an important contribution to this season's strong opening tone was its rather forceful use of its flexible reserve price support during the closing weeks of last season, he said.

Reuter

Cocoa price decline accelerates

By Richard Mooney

THE DOWNTURN in cocoa prices accelerated yesterday with the March futures position losing another £82.75 to close at £1,908.5 a tonne. Dealers said waves of stop-loss selling forced the market down until trade buying emerged at the lower levels.

Such a reaction had been widely expected following the recent dramatic rise in prices. Traders pointed out that while the slide of the pound had an exaggerated effect on cocoa prices the subsequent firmer tone had not been fully reflected.

Most dealers nevertheless see the current shakeout as a temporary phenomenon and expect the "bull" trend to be resumed fairly soon. Concern over West African crop prospects is still overhanging the market while the full effects on consumption of the recent rise are not expected to become apparent until the middle of next year.

Forecasts that this week's Ghana main crop cocoa purchases will be declared at around 25,000 tons—the highest figure so far this season—are thought to have played a part in yesterday's decline, though a figure much below this level could lead to grave concern over Ghana's crop prospects.

Coffee values also fell sharply—the January position reaching £2,160 a tonne at one time—but bounced back to end the day only £6 lower at £2,226.5 a tonne.

Hectic trading was reported as dealers, nervous about the possibility of a major reaction to the recent rise, liquidated their holdings. But the fall seems to have been overdone and speculators took the opportunity to buy quite heavily at the lower levels.

World food shortage warning

PARIS, Nov. 18.

THE WORLD faces a food shortage if action is not taken to set up an international food stockpile system in the near future, Albert Simantov, head of the OECD's agriculture directorate, said.

Another good world wheat crop next year would drive prices down from $2.60 per bushel and this may discourage marginal producers in Australia and the U.S. from growing wheat in the following year he said.

"Two good crops in succession could result in drastic action by producers in 1978," he said.

Farm expansion plan concern

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. JOHN SILKIN, the Minister of Agriculture, has been told by the leaders of the farmers' unions that there is growing concern among farmers that the Government's policies do not measure up to last year's White Paper, Food From Our Own Resources. A letter to this effect has been sent to the Prime Minister, Mr. Callaghan.

Introducing the letter, Sir Henry Plumb, president of the NFU, said yesterday that to restore any degree of confidence, the Government had to assure farmers that they intend to see a healthy and productive agricultural industry, able to meet the investment needs of the expansion envisaged in the White Paper.

"Only by an increase in farm prices awarded at the 1977 Price Review, at present underway, could the very high cost increases caused in part by the depreciation of sterling be recouped. Otherwise funds for investment would be progressively cut."

Without being specific, the Unions request an adjustment in the "green pound" rate to make room for an increase in farm prices irrespective of the results of the Price Review.

It is suggested that the proposals announced by the Commission for a phased adjustment of all "green" currencies should be implemented as soon as possible.

Other anxieties include the future of the remaining Marketing Boards, which the Unions wish to retain, and the effect of taxation both on production and farm structure. At the least the unions are hoping for some method of averaging tax over a term of years.

U.S. soya rise likely

WASHINGTON, Nov. 18.

U.S. SOYABEAN farmers will probably expand their acreage by about 10 per cent. next year from the 50m. acres planted this year, if the price ratio between soyabeans and maize holds at its present level of about 2.5 to one into next spring, Mr. George Kromer, U.S. Agriculture Department (USDA) economist said here.

Mr. Kromer, in remarks to the Agriculture Outlook Conference, said total U.S. oilseed production during the current season is forecast at 39m. tonnes, 15 per cent. less than the previous year mainly because of reduced yields.

Total usage of soyabeans this season will probably decline to about 1.4bn. bushels, around 5 per cent. below last year.

U.K. AGRICULTURE

End of the landlord and tenant system

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE Agriculture (Miscellaneous Provisions) Act which received the Royal Assent this week will probably mean the end of the landlord and tenant system which dominated the farming scene in Britain from the modernisation of farming in the 18th century with the passing of the enclosure Acts until the end of the 1914 war.

This is because the Act guarantees the succesion to the tenancy of a deceased tenant's son, daughter or close relative, provided that they have been engaged in farming on the holding for a period previous to the original tenants death.

Faced with the virtual impossibility of resuming possesson of his land within two or three generations few private landlords would willingly let a farm, particularly when it is let, reduces its value to about a third of what a similar farm would make with vacant possession.

In any case, modern legislation now classes the rent of land as investment income, so further reducing its attraction as an investment for the individual. There is not doubt though that institutional investors, whose sole interest in landowning is financial, could see advantages in long-term tenancies.

Negative

Private landowning has been declining for many years. At the turn of the century, only 10 per cent. of land in the U.K. was owned by those farming it. To-day the proportion owner occupied is about 50 per cent. The main cause of change was the increasing effects of Estate Duty and the interwar slump.

Estate duty could, in the end, be avoided by various means, but during the 30s the depression in farming was such that landowning was a negative investment.

The depression was particularly severe on arable farming, which had already been hard hit by a similar depression in the 1880s. But grassland areas, where cows could be milked, were still sought after because they were capable of producing an income without the expense of working the land in any way. Rents for dairy farms were still maintained, while those for arable holdings were negligible.

In the mid-thirties I refused an offer of a good farm in Shropshire at a concessionary rent of £2.25 an acre, and took instead an arable farm on the chalk at 65 pence an acre. At various times between then and the beginning of the war, I rented useful land, some of which I still have, at prices between 25p and £1 an acre—the last for an all grass dairy farm.

One of the reasons for the cheapness of arable land to rent was the need to pay the outgoing tenants valuation for such things as cultivations, hay and straw. In some cases the valuations could exceed the then capital value of the land. Any tenant with capital sufficient to pay the valuation could secure a negligible rent over the years. In other cases landlords paid the valuations in order to make sure the farm was farmed by a satisfactory tenant.

In the south of England in the early 30s arable farms were in many cases converted to dairying. In East Anglia, many farms became derelict. Since the Napoleonic wars there have been three periods of great arable prosperity: 1800-12, 1960-75 and the present one. The first two were followed by long depressions the present prosperity has not ended.

The grassland areas during this period did not share the booms to the same extent, nor did they experience the depths of depression. It is significant that a great part of the old established landlord families held on in these parts, whereas elsewhere they had to decimate their estates to survive. There is probably a lesson here for those who wish to invest in land for the very long term.

I have never been over impressed with the argument that the private landlord per se was an essential partner in British farming: providing the land and capital resources, houses, buildings, etc., while the tenant used all his capital for effective farming. My experience, and that of many others, has been that the best source of capital for farming improvement comes from the farming business.

Even as a tenant I never expected the landlord to provide anything but the land, and with full security of tenure improvements can be paid during the tenancy. If they can't, they should not have been undertaken at all.

Generous

It was also my experience that the majority of landlords were basically uninterested in farming. By the time I became involved, most of the families who depended on their estates had been forced out, and their successors or survivors were those with outside interests who appreciated the amenity of landowning, with its sporting and social cachet.

Some of these individuals and families were generous to their tenants, forgiving them rents in bad times. But it was no more than the price they had to pay for the very considerable pleasures of English country life.

It is probable that the pattern of landowning will change still further. It will be more businesslike. Tenancies will seldom change, but this need not effect farming efficiency, whatever one hears about the need for new blood and so on.

The landlord's safeguards under present legislation for raising rents and so on are such, if the landlord used them effectively, that a tenant will have to farm really well to survive or give up the holding. There is not much wrong with that.

U.S. commodity option rules revised

WASHINGTON, Nov. 18.

THE U.S. Commodity Futures Trading Commission agreed in principle to revise its proposed segregation rule for commodity options trading to require that 90 per cent. instead of 100 per cent. of American customer funds be segregated in the U.S., and put back the operational date until the end of the year.

The Commission also adopted further revisions of its regulations for option trading which will come into effect about December 13, or 15 days after publication in the federal register.

The CFTC maintained its requirement that a futures commission merchant dealing in commodity options must maintain a minimum of $50,000 working capital.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange in quiet trading. Forward metal opened at £815 and slid to £800 on stop-loss selling and profit-taking with sterling factors a consideration. After the stop-loss dealings had finished there was greater steadiness, but selling came out again at £814. In the afternoon, a lower Comex opening caused another fall, but later the price rallied as the pound went lower and Comex moved higher. The closing price on the Kerb was £808.5. Turnover 21,675 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £780, 79, 78, 78.5, three months £811, 14.5, 14, 12, 12.5, 12, 11, 11.5. Cathodes: Cash £761, three months ...

TIN—Little changed, but the market was subdued. Sterling considerations were an important factor in the movement of prices. The East was steady overnight and forward metal opened in London at £5,085 and rose to £5,110, helped by covering against European physical business. In the afternoon, the price moved lower, influenced by copper and touched £5,088 before climbing to a close of £5,105 on the Kerb. Turnover 1,040 tonnes.

LG. Index 01-351 3466 March Cocoa 1908½-1912½

COFFEE

Market sources said terminal trading was somewhat erratic during the afternoon in line with New York's irregular trend. But good physical business at reasonable prices gave market support base from which it was able to absorb earlier selling and make some recovery.

RUBBER

SOYABEAN MEAL

SILVER

SUGAR

COCOA

GRAINS

MEAT/VEGETABLES

WOOL FUTURES

JUTE

HIDES—Manchester. Good clearance with some sharp advances. Ox 31-35½ kilos 58p per kilo; 25-30½ kilos 55.5p, 22-25½ kilos 61p. Light cows 51p. No calf offered.

COPRA—Philippines (per tonne): Dec.-Jan. $365 resellers cif North European ports.

CUT IN EUROPEAN SUGAR ESTIMATE

RATZBURG, Nov. 18.

F. O. Licht's third European beet sugar estimate puts output at 27,936,000 tonnes against 25,850,000 in 1975/76 and its second estimate of 28,184,000 tonnes.

The EEC total is put at 10,245 tonnes (10,184), West Europe at 14,483 tonnes (13,819) and East Europe at 13,453 (12,131).

PRICE CHANGES

Prices per ton unless otherwise stated.

	Nov. 18 1976	+ or −	Month ago
Metals			
Aluminium	£579		£579
Copper Cash Wire Bars	£775.5	−6.5	£776.5
3 months do. do.	£808.75	−9.5	£813.5
Cash Cathode	£761.25	−9.25	£762.5
3 months do. do.	£794.5	−10.25	£799
Gold Troy oz.	$128.75	−3.25	$116.125
Lead Cash	£278.75	−0.5	£282.5
Platinum troy oz.	£106-111.5		£104-115
Free Market	£93.5		£95.95
Quicksilver	$100-107		$100-105
Silver Troy oz.	259.25p	−5.7	264.75p
3 months	268.25p	−5.9	265.75p
Tin Cash	[illegible]		[illegible]
3 months	£5,097.5	+10.0	£4,950.5
Zinc Cash	£365.75	−1.75	£386.5
3 months	£381.75	−0.5	£406.25
Oils			
Linseed Crude	£450		£450
Palm Malayan	$455	−3.0	$438
Seeds			
Linseed Can. No. 1	£215.5		£206.5
Grains			
Barley EEC	£77.25	−0.75	[illegible]
Maize French No. 3 Am.	£78.5	+1.0	£80
Wheat No. 1 Red Spring	£94.25		

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Silver and copper steady

NEW YORK, Nov. 18.

SILVER and copper market closed around unchanged after being lower on local short-covering. Grains and sugar markets closed unchanged after a featureless session. Cocoa closed limit down on new Commission House selling and liquidation by locals, Bache reports.

Cocoa—Ghana spot 158 nom. (160). Bahia spot 155 nom. (157). Dec. 143.75 (147.75), March 138.65 (142.65), May 132.05, July 126.75, Sept. 122.90, Dec. 109.50, March 104.10. Sales: 1,567.

CONTRACTS AND TENDERS

STOCK EXCHANGE REPORT

Markets firm again on sterling's fresh rise

Share index up 5.9 at 317.0—Beecham up on interim results

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 1	Nov. 11	Nov. 12	Nov. 23
Nov. 15	Nov. 25	Nov. 26	Dec. 7
Nov. 29	Dec. 9	Dec. 10	Dec. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A further rise in sterling set the seal for a firm day in stock markets, with both British Funds and leading equities extending the previous day's late improvement. Underlying sentiment was also helped by the report in the Financial Times that the IMF talks have been prolonged because the size of the prospective economic package had grown over the last fortnight.

Continuing hopes of a reduction in MLR also helped towards the firmer trend, but official indications in the late afternoon that if MLR were to be reduced to-day, the cut would be limited to ½ per cent. prompted a late reaction in the leaders following selling by speculators who had been looking for a larger reduction. Nevertheless, closing rises were still quite useful and the FT 30-share index, which touched its highest of the day at 3 p.m. with a gain of 8.5, still finished with a net rise of 5.9 at 317.0.

Fresh gains in Gilts ranged to ⅜, although short-dated issues were only marginally better. The Government Securities index hardened 0.09 more to 58.06, making a rise of 0.56 over the last five business days.

Gilts remain firm

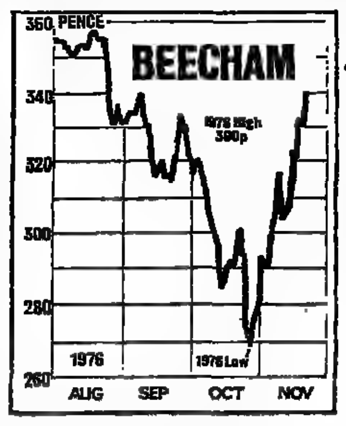
Trading statements provided some good features, but the broader improvement in equities was reflected in the majority of rises over falls of seven-to-two in FT-quoted Industrials. The FT-Actuaries All-Share index gained 2.1 per cent. to 135.39.

The strong possibility of a modest fall to-day in Minimum Lending Rate together with the trend in sterling extended the recent upturn in Gilt-edged. Also underpinning sentiment was the hope that the much-rumoured economic package would be announced soon. Business in the shorts was again quite sizeable, but more two-way than of late, a factor which naturally restricted the upward movement, while trading at the medium/longer end was concentrated on the recently exhausted "tap" issue, Treasury 14 per cent., 1982; here again, orders were more evenly balanced than recently although the price gained 3/16 further to 98¾. The Government Broker was a seller of the long "tap," Treasury 15¼ per cent., 1996, at 97¾, or ¼ above the stock's issue price; the amount of stock to change hands, however, was believed to be small. The announcement that the Bank of England was to reintroduce the supplementary deposits scheme came too late to affect sentiment but it is assumed the move would be beneficial to market sentiment in gilts.

A range of 119½-120½ per cent. measured the quietness of trading in investment currency, the premium closing in the middle of the two extremes for a rise on the day of ½. Yesterday's SE conversion factor was 0.7105 (0.7134).

Discounts good again

A shade firmer for choice at the house" close, the big four Banks were marked lower in inter-office dealings on the surprise statement from the Bank of England about reintroducing a supplementary deposit scheme thus putting a tight squeeze on private lending. Midland eventually came to rest 4 off at 232p, after 237p, while National Westminster were similarly lower at 196p, after 203p. Lloyds eased 3 to 183p, after 188p and Barclays receded 2 at 224p, after 228p. Discounts continued to mirror the firm trend of gilts and some double-figures rises were achieved. In a thin market, Allen Harvey and Ross jumped 35 to 340p, while Seccombe Marshall and Campion improved 20 to 220p. Union added 15 at 275p as did Cater Ryder, at 210p, while King and Shaxson rose 5 to 45p. Lloyds and Scottish gained 3 at 49p in Hire Purchases.



Insurances gave a quietly firm performance. Commercial Union, 96p, Eagle Star, 88p, Guardian Royal Exchange, 151p, and "Royals," 247p, all closed 3 harder, while Leslie and Godwin put on 4 to 102p, the last-mentioned still stimulated by bid hopes.

News of a director's dismissal failed to deter Bass Charrington which pushed forward 3 to 75p in Breweries. Arthur Guinness added a like amount to 110p and Scottish and Newcastle put on 2 to 40½p. Elsewhere, Distillers hardened 3½ to 104p and Teacher (Distillers) rose 10 to a 1976 high of 400p; Allied's bid for the latter which, with Allied 2 up at 50½p, is currently worth 404p per share, has been declared unconditional.

Contracting issues continued to attract selective support in the Building sector. Taylor Woodrow stood out with a rise of 8 at 216 as did Norwest Holst, 5 to the good at 56p, the latter boosted by the dividend forecast and sharply higher profit. Modest gains of around 2 or 3 were seen in Richard Costain, 127p, and Marchwiel, 91p. Elsewhere, Redland responded to the sharp rise in profits with a gain of 2 at 72p, after 74p, while the interim statement prompted a rise of 15 to 275 in International Paint. BPB met further demand and rose 4 to 98p, while in Cements, APC, 142p, and Tunnel "B," 140p, firmed 5 and 4 respectively.

Among Chemicals, ICI touched 312p before closing 5 to the good at 310p, while in a thin market, Fisons gained 8 to 270p.

EMI good

Partly reflecting the late overnight advance on Wall Street, EMI were prominent and touched 217p before ending with a rise of 10 at 216p. Other Electricals were often a little firmer, BICC adding 2 at 89p with the help of the acquisition of two private companies. GEC, on the other hand, moved against the trend with a loss of 2 at 137p. Ultra Electronic improved 2 more to 53, while gains of 3 were recorded in BSR, 88p, and Chloride, 79p, the last-mentioned following the agreement in principal to acquire Pyrotector Inc. of the U.S. Racal, interim statement due in about a fortnight, put on 8 more to 222p, while other firm spots included Muirhead, 5 better at 95p, and Ever Ready, 4 up at 104p.

Leading Stores were generally firmer, but only by modest amounts. Marks and Spencer touched 88p and ended 2 up at 87p, while House of Fraser and Debenhams both gained the same net amount to 59p, and, still on the nine-month figures, Woolworth hardened a penny more to 47½p. Mothercare stood out with a rise of 8 at 176p, while British Home put on 4 to 129p. Lee Cooper added 3 at 60p and, among Mail Orders, Freemans gained 6 more to 116p and Grattan 3 to 70p.

Engineering leaders were quick to log more useful gains and GKN closed 3 higher at 240p, while Tube Investments, 282p, and Vickers, 120p, each rose 4. Hawker settled below the best at 398p, up 4, after 403p. Davy International figured more prominently and gained 6 to 123p, while British Steam Specialities made fresh progress to 53p, a rise of 5 on the day and of 12 in just over a week. James H. Dennis reflected the higher profits, which put the shares on an attractive yield basis, by rising 3 to 33p, while E. Chalmers hardened 1 to 26p after the much better first-half figures. The latest developments in the Shipbuildings Bill brought contrasting changes in Vosper, up 3 at 78p, and Swan Hunter, down 2½ at 40p.

Food leaders were 2 to 4 better, Tate and Lyle ending the latter amount up at 234p, after 236p. On the earnings figure, which was well above the forecast made at the time of the offer for sale, Thomas Borthwick put on 3 to 69p. Wheatsheaf were firm again on the increased interim profit and ended 3 up at 109p, after 111p. In thin markets, gains of 5 were seen in Kinloch, 135p, and British Sugar, 245p.

Hotels were also generally a shade better, where changed, but, after the previous day's reaction of 2½ following the full report, Epicure gave up 1½ to 20½p.

Beecham up

The Miscellaneous Industrial leaders had a good day yesterday, the major stimulants again being the further improvement in sterling and mini-Budget hopes. First-half profits in line with general market expectations prompted a gain of 8 to 340p, after 342p, in Beecham. A similar rise was seen in Glaxo at 370p and Reckitt and Colman ended 9 up at 323p with sentiment helped by the chairman's encouraging remarks. Improvements of around 6 were recorded in Boots, 100p, Reed International, 186p, and Pilkington Bros., 270p; the half-year figures of the last mentioned are expected shortly. Unilever, however, spoilt the firm sequence, losing 10 to 400p on further profit-taking following Wednesday's third-quarter figures. Further buying in a thin market against a background of vague bid rumours brought about a fresh rise of 18 to 180p in Kleeman, while buying ahead of next Wednesday's interim results left Johnson Matthey 8 higher at 290p. Wedgwood gained 15 to 173p on relief that the first-half profits setback was not so steep as feared. Bridgend Processes put on 2½ to 13p following news of the trading agreement with Metal Box, 7 better at 240p.

The Motor section was featured by Lucas which met with a useful demand and pushed ahead to close 8 to the good at 193p. British Leyland firmed 2½p to 25½p and Dunlop were similarly better at 72p. Peak Investments, 9½p, and Tate of Leeds, 16p, both held steady after their respective interim statements, but Jonas Woodhead, half-yearly results due early next month, put on 2 to 34p.

The warning about second-half prospects annulled the favourable effects of the record midway achievement and Eucalyptus Pulp eased 2 to 40p.

U.S. buys BP

American appetite for British Petroleum was whetted by brokers' recommendations in that country and the price here reflected this enthusiasm by rising 14 more to a record 714p. Shell, despite being a little overshadowed, picked up 4 further to 412p, while Ultramar responded to nine months' figures better than some pessimistic anticipations by regaining 8 to 108p. Burmah hardened the turn to 83p and Century were similarly dearer at 46p after the good interim results and statement. Renewed North Sea interest took Tricentrol up 3 to 77p.

Land Securities finally lost a gain of 3 which had followed news of the increased half-yearly revenue to close unaltered on balance at 122p. MEPC were also below the best at 41p, up 2, after 43p, while English gained 1 to 33½p. Imry, 125p, and Hammerson "A," 257p, however, rose about 7 apiece and other gains in Properties extended to 4 or so. Churchbury ended 5 higher at 114p and Stock Conversion 4 better at 136p. Town Centre were stimulated by the good preliminary results and improved 2 to 23p, while Midhurst White hardened to 18p on the annual figures. A revival of speculative inquiry left Regional "A" 1½ firmer at 28½p.

Following Wednesday's rise of 4 on the increased half-year profit, Ocean Wilsons gained 3 more to 141p. Elsewhere in Overseas Traders, Booker showed renewed firmness at 107p, up 3, while Harrisons and Crosfield, 412p, and Inchcape, 415p, gained 12 and 5 respectively.

Stock shortage remained a major problem for Investment Trust dealers yesterday but the trend remained firm. Consideration of the results helped Scottish Cities "A" rise 5 to 84p, while Rothschild were marked up 3 to 184p on details of its Dutch acquisition. Investment Trust Corporation improved 2½ at 136½p after the first-half results. Buying ahead of next Thursday's preliminary results helped Akroyd and Smithers gain 8 at 163p. Lampa Securities closed 2 dearer at 130p; the offer from QST, a subsidiary of Royco, has lapsed. Lamont, on the other hand, eased a penny to 8p on the first-half deficit.

Shippings met with a good two-way business following which Furness Withy closed 5 higher at 188p, after 170p.

Courtaulds hardened 3 to 87p, after 88p, in Textiles where further speculative demand in a thin market left Montfort (Knitting Mills) up a penny more at 35p. Hield Bros. lost 2 to a 1976 low of 7½p following the first-half loss.

Tobaccos took a turn for the better but the volume of business left much to be desired. BATS Industries put on 5 to 263p and the Deferred rose 7 to 220p.

In quietly firm Rubbers, Guthrie rose 6 to 163p in sympathy with the firm trend of industrial market leaders.

Golds erratic

After being marked down at the outset on further decline in the bullion price, South African Gold shares staged a modest rally owing to a small U.S. demand which enabled prices to close only marginally easier and in some cases even higher on balance.

Interest from overseas was mainly centred on the high grade producers, with Free State Geduld and President Brand a half-point better at £11½ and £10 respectively.

The Gold Mines index fell to 136.8—a three day loss of —while the metal price was finally $3.25 down at $129.75 ounce.

In Financials, Selection Trust were marked up 5 to 395p following the almost doubled half-year results. The strength of U.K. Industrials benefited the London-based stocks, with Gold Fields and RTZ both around 3 higher at 155p and 159p respectively.

Among the overseas-based Financials, Rand Selection dropped 10 more to 450p in front of reduced dividend and lower profits.

Business in Australian issues remained at a low ebb, reflecting the lack of direction in overnight markets in Sydney and Melbourne. Western Mining fell 5 to 145p; the company has found a large body of copper mineralisation at its Roxby Downs prospect in South Australia.

Elsewhere, Noranda Mines were up a further £1¼ to £24⅜, making a three-day loss of £3½ since Quebec provincial elections.

FINANCIAL TIMES STOCK INDICES

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 12	Nov. 11	A year ago
Government Secs.	58.06	57.97	57.92	57.54	57.72	57.56	58.[illegible]
Fixed Interest	57.62	57.64	57.53	57.37	57.38	57.55	58.[illegible]
Industrial Ordinary	317.0	311.1	310.2	311.8	308.9	299.4	372.[illegible]
Gold Mines	136.8	137.2	140.6	151.0	143.8	138.5	[illegible]
Ord. Div. Yield	6.90	7.04	7.04	7.00	7.05	7.27	[illegible]
Earnings Y'ld % (full)	21.45	21.92	21.95	21.85	22.04	22.69	[illegible]
P/E Ratio (net)	6.63	6.53	6.65	6.70	6.64	6.46	[illegible]
Dealings marked	4,474	4,233	4,905	4,745	4,462	4,760	[illegible]
Equity turnover £m.	—	44.57	38.19	56.96	50.67	49.21	[illegible]
Equity bargains total	—	8,919	10,156	11,380	11,163	10,477	[illegible]

10 a.m. 313.1. 11 a.m. 313.4. Noon 317.1. 1 p.m. 317.8. [illegible]
Latest index [illegible]
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	55.80 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (2/2)	55.37 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	265.3 (27/10)	543.6 (16/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (22/1)	78.6 (3/8)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 18	Nov. 17
Daily—		
Gilt-Edged	213.5	[illegible]
Industrials	155.6	[illegible]
Speculative	27.2	[illegible]
Totals	101.8	[illegible]
5-day Average—		
Gilt-Edged	202.7	[illegible]
Industrials	136.3	[illegible]
Speculative	40.3	[illegible]
Totals	103.8	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups	Thurs. Nov. 18, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Wed. Nov. 17 Index No.	Tues. Nov. 16 Index No.	Monday Nov. 15 Index No.	Friday Nov. 12 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	117.40	+1.9	23.08	8.02	6.43	6.45	115.18	114.88	116.01	113.90	141.05	160.05 (21/4)	100.83 (22/10)	206.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	102.35	+2.5	22.29	9.40	6.76	6.75	100.02	98.60	99.61	96.81	136.25	160.18 (16/1)	85.53 (27/10)	253.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (22)	149.11	+2.5	29.96	7.31	5.15	5.16	145.46	145.13	145.65	141.57	258.37	260.20 (15/1)	122.08 (27/10)	369.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (18)	221.95	+2.0	20.17	5.10	7.17	7.37	217.65	220.11	223.62	217.88	246.59	287.30 (21/4)	190.54 (27/10)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	148.51	+3.0	31.30	8.42	4.66	4.61	145.98	144.82	146.10	145.19	162.05	195.18 (3/5)	125.56 (27/10)	202.57 (8/6/72)	64.59 (2/1/75)
6	Engineering (General) (65)	110.01	+1.7	23.76	8.49	6.22	6.21	108.17	107.64	108.25	107.16	122.03	149.29 (5/5)	95.20 (28/10)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	50.54	+0.6	16.13	8.79	7.85	7.81	50.24	50.09	50.24	49.35	50.41	60.62 (3/5)	45.29 (11/10)	136.70 (4/7/66)	19.95 (13/12/74)
8	Miscellaneous (23)	101.35	+1.0	20.75	8.95	7.11	7.05	100.31	100.25	100.46	100.33	119.48	141.94 (11/5)	90.25 (28/10)	172.41 (27/5/63)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	101.47	+1.8	24.07	6.97	6.21	6.21	99.71	99.50	99.14	97.62	115.90	141.46 (21/4)	83.12 (29/10)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	108.70	+1.5	22.52	5.40	6.66	6.65	107.08	106.44	106.43	102.94	127.55	160.35 (7/4)	87.51 (27/10)	257.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (13)	111.46	+1.6	27.50	10.82	5.55	5.52	109.71	109.54	108.56	108.50	168.53	157.22 (7/4)	104.50 (28/10)	263.22 (4/5/72)	65.92 (17/12/74)
12	Motors and Distributors (25)	59.62	+2.1	25.44	7.99	5.59	5.69	58.16	57.98	58.77	58.18	59.58	85.16 (3/5)	56.10 (22/10)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (170)	121.33	+2.1	18.82	6.05	8.04	7.97	118.87	118.24	119.58	117.08	150.18	162.24 (4/5)	104.41 (27/10)	226.08 (16/6/72)	61.41 (14/12/74)
14	Breweries (15)	123.74	+2.5	19.66	9.26	7.61	7.61	120.68	119.90	121.80	120.61	166.44	179.45 (2/2)	111.17 (27/10)	281.87 (22/11/72)	69.47 (13/12/74)
15	Wines and Spirits (6)	132.46	+1.7	18.17	5.55	6.45	6.45	130.10	128.48	130.65	129.49	153.65	190.57 (7/5)	124.71 (29/10)	257.40 (15/7/73)	78.88 (13/12/74)
16	Entertainment, Catering (15)	151.23	+2.9	17.46	5.84	8.73	8.65	147.00	146.05	146.14	143.87	176.66	211.26 (9/5)	127.11 (25/10)	320.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (23)	159.84	+0.7	20.37	6.62	7.46	7.41	158.89	156.94	158.22	156.78	164.36	179.44 (11/5)	120.54 (27/10)	211.66 (1/5/72)	59.67 (11/12/74)
18	Food Retailing (16)	114.31	+2.6	16.89	6.91	8.68	8.68	111.37	111.59	111.90	109.77	150.21	150.05 (12/1)	92.79 (28/10)	335.08 (16/6/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	178.11	+1.2	14.05	5.97	10.76	10.75	176.11	175.42	176.83	175.41	159.99	184.46 (11/5)	148.46 (12/10)	260.29 (18/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	86.46	+2.5	20.45	9.30	7.61	7.51	84.51	84.35	86.01	82.19	100.37	112.50 (26/2)	72.34 (27/10)	135.69 (28/4/72)	45.46 (6/1/75)
21	Stores (34)	95.76	+3.5	16.16	7.46	9.54	9.51	92.50	92.47	93.62	91.91	128.54	136.24 (2/2)	78.47 (26/10)	204.59 (16/8/72)	52.63 (6/1/75)
22	Textiles (24)	112.54	+2.5	17.99	10.57	8.65	7.87	109.75	108.86	108.43	107.46	157.51	183.24 (30/1)	96.76 (27/10)	235.72 (17/1/69)	52.66 (11/12/74)
23	Tobaccos (3)	180.35	+0.8	23.02	9.07	6.46	6.46	188.82	188.32	191.15	184.05	215.40	241.98 (13/5)	167.36 (28/10)	339.15 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	70.75	+0.6	23.41	6.97	5.75	5.70	70.31	70.31	69.62	67.88	65.76	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	186.41	+2.4	16.94	5.18	8.05	8.04	182.10	181.69	188.11	178.92	191.51	231.38 (3/5)	156.10 (27/10)	231.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	66.07	+2.1	18.29	7.99	7.99	7.99	64.71	64.41	65.52	64.22	91.52	100.18 (19/5)	58.53 (28/10)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	347.51	+2.0	14.65	7.59	9.75	8.84	340.64	336.10	338.91	336.21	393.85	432.64 (30/1)	308.48 (26/10)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	125.88	+2.3	18.79	9.55	8.00	7.99	125.07	124.04	125.30	123.74	155.59	172.96 (21/4)	108.14 (27/10)	258.85 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	125.60	+2.1	19.87	7.77	7.51	7.48	123.03	122.62	123.71	121.42	149.37	168.38 (3/5)	107.32 (27/10)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	384.10	+3.0	11.09	4.56	10.45	9.61	372.84	376.28	374.55	368.15	330.25	395.84 (20/5)	315.67 (11/10)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	146.16	+2.3	16.00	7.14	7.95	7.82	142.94	142.81	143.71	141.08	164.44	183.00 (3/5)	125.80 (27/10)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	103.94	+1.6	—	7.56	—	—	102.33	101.87	102.27	100.90	137.24	153.46 (30/1)	87.19 (28/10)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	131.94	+0.6	25.60	6.97	6.01	6.01	131.33	131.33	131.41	129.54	164.94	192.16 (29/1)	111.33 (27/10)	[illegible] (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	138.86	+5.5	—	10.05	—	—	131.66	127.95	127.95	128.66	168.62	186.52 (13/1)	97.72 (28/10)	293.23 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	66.57	+3.6	10.56	9.59	21.05	21.05	65.99	66.56	65.51	61.91	85.10	132.10 (26/2)	65.25 (27/10)	433.74 (4/5/72)	38.65 (11/12/74)
36	Insurance (Life) (10)	82.42	+2.6	—	9.18	—	—	80.33	80.66	81.15	81.57	126.41	129.45 (30/1)	73.11 (22/10)	194.46 (16/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	80.71	+1.8	—	9.16	—	—	79.29	78.58	79.12	78.60	105.96	119.75 (30/1)	68.99 (25/10)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	218.07	+1.3	13.76	6.59	10.86	10.86	[illegible]	216.53	[illegible]	[illegible]	251.70	276.90 (11/5)	178.27 (27/10)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (15)	51.98	+0.5	—	8.04	—	—	51.61	51.16	50.65	50.89	68.11	93.83 (27/1)	45.15 (22/10)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	126.40	+2.6	4.89	4.57	36.94	34.86	123.18	121.38	123.94	119.57	166.51	194.57 (30/1)	95.95 (27/10)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	63.09	+3.0	21.30	13.20	7.14	7.14	61.23	61.33	60.75	61.14	80.17	91.98 (5/2)	55.37 (25/10)	305.18 (18/6/73)	33.29 (17/12/74)
42	Investments Trusts (50)	129.42	+1.6	4.08	5.95	25.30	25.30	127.14	126.40	126.48	124.73	177.18	184.56 (30/1)	115.09 (28/10)	246.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	135.39	+2.1	—	7.15	—	—	132.57	132.33	133.07	130.78	158.33	172.64 (30/1)	116.29 (27/10)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	507.22	+2.2	9.29	6.55	15.65	14.50	496.18	488.89	490.66	490.25	404.12	523.40 (7/6)	404.67 (14/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (8)	130.61	+0.3	32.29	9.41	4.08	3.94	130.27	130.27	130.37	130.15	110.48	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	69.72 (17/10/74)
46	Coppers (3)	153.21	−0.9	42.29	7.31	2.36	2.56	154.62	155.47	157.38	151.97	267.01	301.47 (7/1)	143.41 (5/11)	567.78 (15/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	85.31	−0.3	10.95	5.66	10.03	9.95	85.58	86.47	87.46	85.73	109.26	119.77 (7/1)	77.55 (15/10)	175.90 (28/4/69)	66.51 (30/9/74)
48	Tins (5)	118.62	−1.3	11.92	9.37	12.90	12.74	120.13	121.80	122.28	124.88	94.39	126.36 (7/10)	86.09 (9/2)	126.36 (7/10/76)	54.83 (27/5/70)
49	Overseas Traders (13)	201.64	+1.7	16.94	6.79	8.00	7.99	198.36	197.73	199.07	198.15	223.04	264.47 (3/5)	178.31 (27/10)	264.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Thurs. Nov. 18 Index No.	Yield %	Wed. Nov. 17	Tuesday Nov. 16	Monday Nov. 15	Friday Nov. 12	Thurs. Nov. 11	Wed. Nov. 10	Tuesday Nov. 9	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.09	15.19	15.19	15.19	15.46	15.27	15.27	15.38	14.76	—	—	—	—
2	20-yr. Govt. Stocks (6)	44.24	14.60	44.03	44.00	44.03	43.72	*43.54	43.58	43.62	46.68	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb. & Loans (15)	44.31	16.56	44.22	44.16	43.91	44.05	44.04	44.04	44.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	42.99	16.19	42.85	42.80	43.07	43.63	43.58	43.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	60.07	15.03	59.87	59.30	59.12	59.06	58.90	58.52	57.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group — Base Date — Base Value tables [illegible]. † Redemption yield. FT-Actuaries indices are calculated by Exchange Telegraph Company ... A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. [illegible] CONSTITUENT CHANGES: [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	15	310	+5	402	256
BP	£1	14	714	+14	716	557
Shell Transport	25p	13	412	+4	482	352
BATs Defd.	25p	11	220	+7	225	183
Beecham	25p	10	340	+8	390	260
Barclays Bank	£1	9	224	−2	350	190
Courtaulds	25p	9	87	+3	169	73
Allied Breweries	25p	8	50½	+2	77	43
Commercial Union	25p	8	96	+3	138	73
EMI	50p	8	216	+10	277	173
GKN	£1	8	240	+5	360	203
Lucas Inds.	£1	8	193	+8	222	128
UDS Grp.	25p	8	49	+1	98	40
Unilever	25p	8	400	−10	500	346
Boots	25p	7	100	+6	148	79

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (6)
BEERS (1)
Teacher (Distillers)
ENGINEERING (1)
Mather and Platt
INDUSTRIALS (2)
Long and Hambly; Utd. Carriers
TRUSTS (1)
Edinburgh Inv.
OILS (1)
BP

NEW LOWS (8)
CANADIANS (1)
Hawker Siddeley Can.
INDUSTRIALS (3)
Allied Polymer; Hield Bros.; Ansbacher (Lon.)
PAPER (1)
Reed and Smith
TEXTILES (2)
Carpets Intl.; Hield Brothers
TRUSTS (1)
Kitchen (R.) Taylor
MINES (1)
BH South; Metals Explo.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	763	200	1,461

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 9	Nov. 22	Feb. 10	Feb. 22
Nov. 23	Dec. 6	Feb. 24	Mar. 8
Dec. 7	Dec. 20	Mar. 10	Mar. 22

Calls were arranged in Allied Retailers, Burmah Oil, British Land, Freemans, Marks and Spencer, Geo. Wimpey, BET Deferred, Eagle Star, Charterhall, Lloyds and Scottish, International Timber and Brown Boveri Kent. Swan Hunter were dealt in for the put, while double options were transacted in MAMS and Lonrho. No short-dated deals were reported.

Industrials							
		E.M.I.	17	Midland Bank	22	Cap. Counties	6
		Fitch Lovell	6	Nat'l West Bank	20	E.P.	5
A. Brew	8½	Gen. Accident	[illegible]	"Do" Warrants	7½	Int. Europe	7
A. P. Cement	15	Gen. Electric	15	P & O Dfd.	11	Land Securities	14
Assoc. Leisure	5	Glaxo	35	Plessey	7	MEPC	7
BSR	9	Grand Met	7	R.H.M.	6	Peachey	6
Babcocks	8	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props.	4½
Barclays Bank	22	Guardian	18	Reed Int'l	25	Town & City	2½
Berry Wiggins	5	G.K.N.	25	Reyrolle	11	Oils	
Beecham	28	Hawker Sidd.	35	Rothmans	4	Brit. Petroleum	40
Boots Drug	12	House of Fraser	8	Slater Walker	4	Burmah Oil	4½
Bowaters	16	I.C.I.	20	Spillers	4	Shell	27
B.A.T.	21	"Imps"	7	Tesco	4	Ultramar	14
British Leyland	5	I.C.L.	14	Thorn 'A'	22		
BOC Int.	5½	Inveresk	7	Trust Houses	9	Mines	
Brown (J.)	9	Legal & General	12	Tube Invest.	7		
Burton 'A'	6½	Ladbroke	11	Unilever	38	Charter Cons.	15
Cadburys	5	Lex Service	3¾	Utd. Drapery	8	Chart'rhll Fin.	4
Cavenham	10	Lloyds Bank	22	Vickers	15	Cons. Gold	15
Courtaulds	11	"Lots"	4	Williams Hud'n	4	Hampton Areas	12
Debenhams	8	London Brick	4½	Woolworths	5	Lonrho	19
Distillers	13	Lucas Inds.	20			Rio T. Zinc	18
Dunlop	7½	"Mams"	7	Property		Western M'ng.	7
Eagle Star	11	Marks & Sp'ncer	6	Brit. Land	3½		

Finance seminar

THE CHARTERED INSTITUTE of Public Finance and Accountancy will hold a two-day seminar on National Policies on Public Expenditure in London next Friday and Saturday.

Mr. Joel Barnett, Chief Secretary to the Treasury, will speak on programmes of public expenditure. The other speakers are from public and local authorities.

BASE LENDING RATES

Allied Irish Banks Ltd. 14
American Express Bank 14
Anglo-Portuguese Bank 14
Henry Ansbacher 14
Banco de Bilbao 14
Bank of Cyprus 14
Bank of N.S.W. 14
Banque du Rhone S.A. 14½
Barclays Bank 14
Barnett Christie Ltd. 15
Bremar Holdings Ltd. 15
Brit. Bank of Mid. East 14
■ Brown Shipley 14
Canada Permanent AFI 14
Capitol C & C Fin. Ltd. 14
Cayzer, Bowater Co. Ltd. 15
Cedar Holdings 14
■ Charterhouse Japhet 14
C. E. Coates 14
Consolidated Credits 14
Co-operative Bank 14
Corinthian Securities 14
Credit Lyonnais 14
G. R. Dawes 14
Duncan Lawrie 14
Eagil Trust 14
English Transcont. 14
First London Secs. 14
First Nat. Fin. Corp. 14
First Nat. Secs. Ltd. 14
■ Antony Gibbs 14
Goode Durrant Trust 14
Greyhound Guaranty 14
Grindlays Bank 14
■ Guinness Mahon 14
■ Hambros Bank 14
■ Hill Samuel 14
C. Hoare & Co. 14
Julian S. Hodge 15
Hongkong & Shanghai 14
Industrial Bank of Scot. 14
Keyser Ullmann 14
Knowsley & Co. Ltd. 15
Lloyds Bank 14
London & European 14
London Mercantile 14
Midland Bank 14
■ Samuel Montagu 14
■ Morgan Grenfell 14
National Westminster 14
Norwich General Trust 14
P. S. Refson & Co. 14
Rossminster Accepts. 14
Royal Bk. Canada Trust 14
Schlesinger Limited 14
E. S. Schwab 15
Security Trust Co. Ltd. 15
Shenley Trust 15
Standard Chartered 14
Trade Development Bk. 14
Twentieth Century Bk. 15
United Bank of Kuwait 14
Whiteaway Laidlaw 14
Williams & Glyn's 14
Yorkshire Bank 14

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits [illegible]
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11¼% and over £25,000 12%.
‡ Demand deposits 11%.
¶ Call deposits over £1,000 11%.

MONEY MARKET

Extremely large assistance

Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)

Day-to-day credit was in very short supply in the London money market yesterday and the authorities gave extremely large assistance. They bought a small number of Treasury bills and local authority bills from the discount houses and lent a large amount, overnight, to 11 or 12 houses, at Bank of England Minimum Lending Rate. The authorities also lent a moderate amount, for one week to 11 or 12 houses, at Minimum Lending Rate, and this was taken as an indication that a small cut in Minimum Lending Rate will be acceptable to-day, but that the authorities would be unlikely to condone a fall of more than ½ per cent.

Banks carried forward a surplus from Wednesday, Government disbursement exceeded revenue payments to the Exchequer, and a fall in the note circulation was also in the market's favour. These were outweighed by a net take-up of Treasury bills, and settlement of very large official gilt-edged sales.

Discount houses paid 15-15¼ per cent. for secured call loans in the early part, and closing balances were taken at 11-12½ per cent.

In the interbank market overnight loans opened at 15¼-15⅝ per cent., and touched 17-18 per cent. before closing at around 11 per cent.

Rates in the table below are nominal in some cases.

Nov. 18 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposits	Treasury bills ◆	Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	15½-18	—	—	—	14¾	11-15½	—	—	—
2 days notice	—	—	15-15¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	15¼-16	15-15¼	—	15½	—	14⅞-15	—	—	—
One month	15-14¾	14⅞-15⅝	14⅞-15⅛	15¼-14¾	15¼-15⅜	—	14¼-14⅜	[illegible]	[illegible]	15¼
Two months	14¾-14⅝	14⅝-14⅞	—	15¼-14¾	15-15⅛	—	14-14¼	[illegible]	[illegible]	15¼-15⅛
Three months	[illegible]	14⅜-14⅝	14⅝-14¾	15¼-14¾	15-15⅛	—	13¾-14¼	[illegible]	[illegible]	15¼-16
Six months	15⅞-15⅝	[illegible] 14	14-14¼	14½-15½	14-14½	—	—	—	13⅝-15½	15¼-15
Nine months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 14¼-14½ per cent.; four years 14½-14¾ per cent.; five years 14¾-15 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. [illegible]

Finance House Base Rates (published by the Finance Houses Association): 14 per cent. from November 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 11 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 14.3244 per cent.

CORAL INDEX
Close 313-318

INSURANCE BASE RATES

† Atlantic Assurance 12½
Cannon Assurance 1[illegible]
† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

...selection of the share prices previously shown under regional headings is ...ried below with quotations on London. Irish issues, most of which are not ...dly listed in London, are shown separately and with prices as on the Irish ...nge.

						IRISH		
						Conv. 9% '80/82	[illegible]	+¼
...y Inv. 20p	16	......	Higsons Brew.	60xd	......	Alliance Gas	[illegible]	......
...pinning	34	......	I.O.M. Stm. £1	127	......	Arnott	[illegible]	......
...m	21	......	Holt (Jos.) 25p	182	......	Carroll (P.J.)	[illegible]	—2
...r. Est. 50p	123	......	Kleen-e-Ze	31	......	Clondalkin	[illegible]	......
...Croft	26	......	Lovell's Ship.	135	......	Concrete Prods.	[illegible]	......
...h Rose £1	350	......	N'thn. Goldsmith	21	......	Heiton (Hldgs.)	[illegible]	......
...(R.A.)	20	......	Pearce (C. H.)	85	......	Ind. News	[illegible]	......
...& McHdy.	62	—1	Peel Mills	11	......	Ins. Corp.	[illegible]	......
...s Br'k 10p	22	......	RobbCaledon Sh.	58	......	Irish Distillers	38	......
...ed	8	......	Sayers 12½p	15	......	Irish Ropes	79xd	......
...Forge	53	......	Sheffield Brick	73	......	Jacob	42	......
...y Pkg. 5p	16	......	Sheff. Refrshmt.	130	......	Sunbeam	9	......
...Ship. £1	300xd	......	Shiloh Spinn.	21xd	......	T.M.G.	68	......
...n Sleigh 10p	6	......	Sindall (Wm.)	49	......	Unidare	62	......

FOOD PRICE MOVEMENTS

	Nov. 18 £	Week ago £	Month ago £
...CON			
Danish A.1 per ton	1,025	1,025	1,025
British A.1 per ton	965	965	965
Irish Special per ton	965	965	965
Ulster A.1 per ton§	960	960	960
...TTER (packet)			
NZ per 20 lb	9.51-9.66	9.51-9.66	9.24-9.32
English per cwt	57.12	57.12	57.12
Danish salted per cwt	58.50-60.93	58.50-60.93	58.40-60.48
...EESE¶			
English cheddar rindless per tonne	990.11	990.11	990.11
NZ per tonne	896.50	896.50	896.00
...GS*			
Home-prod. Standard	3.80-3.95	3.40-3.55	2.90-3.10
Large	3.90-4.00	3.60-3.70	3.10-3.30

	Nov. 18 per pound p p	Week ago per pound p p	Month ago per pound p p
...EF			
Scottish killed sides (ex-KKCF)	48.0—51.0	47.0—50.0	48.0—51.5
Eire forequarters	35.0—38.0	36.0—39.0	38.0—41.0
...MB			
English	40.0—46.0	44.0—47.0	—
NZ PLs-PMs	44.0—47.5	45.0—47.0	45.0—47.0
...RK (all weights)	30.0—39.0	30.0—39.0	31.0—38.0
...TTON			
English ewes	—	—	—
...LTRY			
Broiler chickens	31.0—31.5	29.5—32.0	28.5—36.0

* London Egg Exchange price per 120 eggs. Delivered. ...r delivery November 20-27.

LA PRESERVATRICE S.A.

The Annual General Meeting of the Share...ders of LA PRESERVATRICE S.A. met under ... chairmanship of Mr. Raymond MEYNIAL on ...tober 8th and approved the accounts for the last ...ancial year ended on June 30th, 1976.

The Directors' report mentions an increase of ... Group's turnover of about 20%.

Investment income increased from F13,992,410 ... F18,242,525, an increase of 30.37%. Nearly all ...sidiaries and portfolio investments contributed ...her dividends than for the previous financial ...r.

The profit and loss account shows a net profit ... F17,825,113 compared with F12,586,128 for ...4/75, i.e. an increase of 41.6%.

Since the available profit, including the balance ...ught forward from previous year, amounts to ...3,755,742, the General Meeting voted to increase ... dividend by 15%, to F23 per share, giving a ...al income of F34,50 including the F10 tax already ...d to the Treasury. This dividend will be paid as ...m October 18th.

Messrs. Jacques de NERVO and Dominique ...CA, respectively Director and Auditor, have been ...elected.

The Chairman after describing the activity of ... Company's main subsidiaries during the initial ...nths of 1976 confirmed that LA PRESERVA...ICE S.A. is carrying on the negotiations for the ...quisition, from the WORMS Group, of a majority ...erest in LA FONCIERE T.I.A.R.D. through an ...change of shares and announced that an Extra...dinary General Meeting of Shareholders will ...bably be held next December on this matter.

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶Net of tax on realised capital gains unless indicated by ◊ §Guernsey yield. #Suspended ‡Single premium insurance bonds. ♦Yield before Jersey tax.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 11/32	99 3/16	Treasury 10½pc 1976‡‡	99 31/32	......	10.55	13.96
98 3/32	95 3/16	Treasury 6½pc 1977‡‡	97⅞	......	6.38	13.44
97¼	94½	Electric 3pc 74-77	97⅜	......	3.08	11.54
103 7/32	97 7/16	Treasury 11½pc '77‡‡	98 5/16	−1/32	11.70	13.56
95⅝	91⅞	Treasury 3pc '77‡‡	94½xd	......	3.18	9.35
95⅝	92¼	Transport 4pc '72-77	94 7/16xd	−1/16	4.23	9.54
99 3/16	90½	Treasury 9pc 1978‡‡	95 3/16	+1/16	9.44	12.95
101½	93⅞	Treasury 10½pc '78‡‡	95 5/16	−1/32	10.99	13.53
93¾	89⅝	Exch. 5p '76-78	90½	......	5.52	10.77
103 31/32	92 3/16	Treasury 11½pc '79‡‡	94 25/32	−1/32	12.14	14.24
98¾	92 1/16	Treas. 11½pc '79 'A'‡‡	94 21/32	−1/32	12.15	14.27
88⅞	82¼	Treasury 3pc '79‡‡	83⅛	+¼	3.60	9.87
89⅜	82¼	Electric 4¼pc 74-79	84⅜	+1/16	5.04	10.74
100 3/32	88⅞	Treasury 10½pc '79‡‡	91⅛	−⅛	11.52	14.28
88¾	82¼	Electric 3½pc '76-79	83¾xd	+¼	4.20	10.09
96 31/32	84½	Treasury 9pc 1980‡‡	86¾	+1/16	10.37	14.17
96½	84 3/16	Treasury 9½pc '80‡‡	87 3/16	+⅛	10.90	14.31
86	78¾	Treasury 3½pc '77-80	79 3/16xd	+1/16	4.41	10.63
89½	80	Funding 5¼pc '78-80‡‡	81 3/16	......	6.45	11.83
103 3/16	88½	Treasury 11½pc 1981‡‡	91 3/32	+1/16	12.62	14.55
86	76¾	Treasury 3½pc 1979-81	77⅛	......	4.54	10.28
95⅝	82 3/16	Treasury 9¾pc 1981‡‡	85 7/16	......	11.41	14.33
		Five to Fifteen Years				
94⅛	79⅞	Treasury 8½pc '80-82‡‡	83½	+⅛	10.55	13.88
70½	69¾	Treasury 3pc '82‡‡	70½	+⅛	4.27	10.54
98⅞	98¼	Treasury 14pc '82‡‡	98⅞	+1/16	14.20	14.39
107¾	88⅞	Treasury 12pc 1983‡‡	92½	−⅛	13.27	14.34
81⅛	69⅝	Funding 5½pc '82-84‡‡	71⅞	+⅛	7.86	11.82
87⅞	74⅞	Treasury 8½pc '84-86‡‡	77¾	+⅛	11.38	13.21
74⅞	60⅛	Funding 6½pc '85-87‡‡	63	+⅛	10.37	13.18
77⅝	65⅛	Treasury 7¾pc '85-88‡‡	68⅛	+⅛	11.80	13.86
51¼	44⅜	Transport 3pc '78-88	47⅛	+⅛	6.53	11.57
59¾	48	Treasury 5pc '86-89	50⅜	+⅛	10.02	13.17
103¾	87¾	Treasury 13pc 1990‡‡	92⅛	+⅜	14.84	15.17
75⅞	61⅝	Treasury 8¼ 87-90‡‡	62⅞xd	+¼	13.00	14.48
60	47⅝	Funding 5¾pc '87-91‡‡	50	+⅛	11.67	14.04
		Over Fifteen Years				
100½	84¼	Treasury 12¾pc '92‡‡	88½	+½	15.12	15.43
98½	82¼	Treasury 12½pc '93‡‡	86⅝	+⅜	15.20	15.48
58	45⅝	Funding 6pc 1993‡‡	48	+⅛	12.78	14.49
75⅜	59½	Treasury 9pc '94‡‡	62⅜xd	+⅜	14.44	15.15
97⅛	91⅜	Treasury 14½pc '94‡‡	95⅝	+½	15.52	15.59
36½	28⅝	Gas 3pc '90/95	30⅜	+⅛	9.93	13.14
100	79	Treasury 12¾pc '95‡‡	83½xd	+⅜	15.36	15.56
75⅜	59⅞	Treasury 9pc '92/96‡‡	62⅞	+⅜	14.69	15.28
97¾	97½	Treasury 15¼pc '96‡‡	97¾	+⅛	15.65	15.67
95¼	81½	Exchequer 13¼pc '96‡‡	85⅝xd	+⅜	15.50	15.66
35½	28	Redemption 3pc 1986-96	29⅝	+⅛	10.27	13.05
102½	85⅜	Treasury 13¾pc '97‡‡	89½	+¼	15.56	15.66
70⅛	58	Treasury 8¾pc 1997‡‡	61¼	+⅜	14.74	15.24
57⅜	45	Treasury 6¾pc '95-98‡‡	47½	+¼	14.31	15.10
100⅛	95⅜	Treas. 15½pc '98‡‡	100⅛	+⅜	15.72	15.71
76	63¼	Treasury 9½pc 1999‡‡	66½	+⅜	15.03	15.35
31½	25⅝	Funding 3½pc '99-04	27⅛	+⅛	13.51	14.40
65	51	Treasury 8pc '02-06‡‡	53⅞	+⅜	15.13	15.28
46⅛	35⅝	Treasury 5½pc '08-12‡‡	37¼	+⅜	14.99	15.11
60⅞	50⅛	Treasury 7¾pc '12-15‡‡	53¼	+⅜	15.26	15.28

Undated [illegible]

**INTERNATIONAL BANK [illegible]

**CORPORATION LOANS [illegible]

COMMONWEALTH & AFRICAN LOANS [illegible]

LOANS (Miscel.) [illegible]

FOREIGN BONDS & RAILS [illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 40⅝% (based on $US1.6650 per £)

Conversion factor 0.7105 (0.7154)

CANADIANS

1976 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
14¾	10⅜	Bk. Montreal $2	12⅛	−⅛	$1.00	—	5.3
40½	29 3/16	Bk. Nova Scot. $2	34 3/16	−⅛	$1.72	—	3.2
46¾	33¾	Bell Canada 25c	38¾	−⅛	$3.72	—	6.2
23⅝	12	Bow Valley‖	16¼	−⅛	10c	—	0.4
10	780p	Brascan‖	840p	......	s$1.00	—	7.7
29 3/16	19 3/16	Can. Imp. Bk. $2	20 3/16	−11/16	$1.28	—	4.1
16⅞	10⅜	Can. Pacific $5	12⅞	−⅛	84½c	—	4.2
29⅝	25¼	Do. 4pc Deb. £100	25½xd	......	4%	—	15.7
37⅞	20	Gulf Oil Can.‖	20	−¼	$1.00	—	3.2
670p	390p	Hawker Sid. Can.‖	390p	−10	36c	—	6.0
33	22	Hollinger $5	26	......	$1.80	—	4.5
18	12⅜	Hudson's Bay ‖	13 7/16	+3/16	60c	—	2.9
34⅛	26⅜	Hud. B. Oil G. $2½	27⅜	......	$1.60	—	3.8
22¼	16¼	Imperial Oil‖	16¼	−½	80c	—	3.2
31½	19½	Inco	24¼	−½	$1.40	—	3.7
920p	660p	Int. Nat. Gas $1	790p	......	80c	—	6.5
25½	16	Massey Ferg.‖	18½	+⅛	$1.00	—	3.5
27⅝	20⅛	Pacific Pet. $1	21½	−¼	80c	—	2.4
38½p	24p	Place Gas $1	27½p	+1	—	—	—
30¾	22⅝	Rio Algom	22⅝	−¼	$1.00	—	2.9
27¼	20 11/16	Royal Bk. Can. $2	21⅞	−⅜	$1.38	—	4.1
28 1/16	17 13/16	Seagram Co. C$1	18 3/16	−⅛	80c	—	2.8
18 13/16	13 1/16	Tor. Dom. Bk. $1	15½	−7/16	74c	—	3.1
£11⅞	830p	Trans. Can. Pipe 33⅓c	980p	−20	88c	—	0.1

S.E. List Premium 40⅝% (based on $1.6328 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc. [illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

صكذا من الاصل

صكنا من الاصل

INDUSTRIALS—Continued | INSURANCE | MOTORS, AIRCRAFT TRADES — Motors and Cycles | Commercial Vehicles | Components | Garages and Distributors | NEWSPAPERS, PUBLISHERS | PAPER, PRINTING, ADVERTISING | PROPERTY | PROPERTY—Continued | SHIPBUILDERS, REPAIRERS | SHIPPING | SHOES AND LEATHER | SOUTH AFRICANS | TEXTILES | TOBACCOS | TRUSTS, FINANCE, LAND — Investment Trusts | TRUSTS—Continued | Finance, Land, etc. | OILS | OVERSEAS TRADERS | RUBBERS AND SISALS | TEAS — India and Bangladesh | Sri Lanka | Africa | MINES — CENTRAL RAND | EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	250	Blyvoor 25	390	−5	Q75c	1.6	13.9
£14	440	Buffels R1	715	−15	Q125c	1.6	12.6
*140	70	Deelkraal R0.20	98	......	—	—	—
760	125	Doornfontein R1	270	−5	Q55c	2.2	14.7
965	330	East Drie R1	640	−10	Q75c	1.7	8.5
280	122	Elandsrand Gld. 20c	170	......	—	—	
190	44	Elsburg R1	105	......	†Q33.8c	1.0	‡
£16½	520	Hartebeest R1	£10⅛	......	Q190c	1.3	13.6
695	260	Kloof Gold R1	460	−20	Q47c	1.5	7.4
760	140	Libanon R1	315	......	Q80c	2.0	18.4
740	230	Southvaal 50c	380	−10	Q8c	1.3	1.5
245	92	Stilfontein 50c	150	......	†Q36c	2.2	‡
£20¼	700	Vaal Reefs 50c	£11½	+¼	†Q175c	2.1	‡
420	48	Venterspost R1	165	......	Q25c	3.6	11.0
£35	£11¼	W. Drie R1	£20¼	......	Q335c	1.5	12.0
315	68	Western Areas R1	170	−2	†Q52c	1.4	‡
£15¼	480	Western Deep R2	805	−15	[illegible]	1.6	‡
290	100	Zandpan R1	180	......	Q31¼c	1.0	12.6

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	60	Free State Dev. 50c	110	−5	Q9c	0.6	5.9
£22½	715	F.S. Geduld 50c	£11½	+½	Q200c	ф	12.6
200	50	F.S. Saaiplaas R1	98	+6	6c	2.6	4.4
465	170	Harmony 50c	290	......	†Q65c	1.9	‡
195	38	Loraine R1	90	−3	Q6c	0.5	4.8
£18½	10⅛	Pres. Brand 50c	£10	+½	Q170c	ф	12.3
£13	395	Pres. Steyn 50c	730	......	Q45c	ф	4.5
£23¼	750	St. Helena R1	£12⅛	+⅛	Q170c	ф	10.1
174	70	Unisel	127	+1	—	—	—
330	125	Welkom 50c	210	......	Q15c	ф	5.2
£25½	950	W. Holdings 50c	£15¼	......	Q310c	ф	14.7

FINANCE

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
535	315	Ang. Am. Coal 50c	420	......	MQ38c	2.8	6.5
375	185	Ang. Amer. 10c	245	−5	Q33c	1.9	9.7
£28¾	£10½	Ang. Am. Gold R1	£15½	−½	†Q260c	1.3	‡
£13¼	800	Ang-Vaal 50c	925	−25	Q105c	3.3	8.4
199	101	Charter Cons.	130	+2	†6.76	2.4	8.2
220	113	Cons. Gold Fields	135	+4	7.37	2.1	7.3
23½	13	East Rand Con. 10p	15	......	1.0	2.2	10.3
330	150	Geduld Inv. R1	240	......	Q40c	1.5	12.1
£25	£12¾	Gen. Mining R2	£14¼	−¼	Q210c	2.1	10.7
£20⅝	10	Gold Fields S.A. 25c	£11¾	−¼	Q155c	1.2	9.5
£24	£11½	Jo'burg Cons. R2	£15	−¼	Q170c	2.2	8.2
380	195	Middle Wit 25c	215	......	Q35c	1.2	11.8
250	160	Minorco SBD1.40	164	−2	Q2c	0.7	9.6
160	56	New Wit 50c	96	......	Q18c	1.0	13.6
£14⅝	770	Patino NV Fls.5	£13½	......	QC65c	0.8	3.1
810	310	Rand Selection 50c	450	−10	†Q75c	1.5	‡
543	355	Selection Trust	395	+5	15.2	1.5	6.0
230	98	Sentrust 10c	135	−3	Q30c	1.4	16.1
66	29½	Silvermines 2½p	36	......	3.0	1.6	12.8
£12½	700	T'vaal Cons. Ld. R1	975	......	Q75c	ф	5.7
310	110	U.C. Invest R1	155	......	‡Q36c	1.0	‡
465	175	Union Corpn. 6.25c	245	−15	†Q36c	1.4	10.6
90	45	Vogels 2½c	70	......	†Q6½c	1.2	6.7

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£20	−¼	†Q244c	1.6	8.8
122	68	Bishopsgate Plt. 10c	76	−1	Q8.0c	ф	7.6
335	187	De Beers Dfd. 5c	203	+1	Q28c	2.2	10.0
£14	850	Do. 40pc Pf. R5	950	......	Q200c	12.0	15.2
128	68	Lydenburg 12½c	76	−1	Q7.2c	ф	6.9
123	93	Rus. Plat. 10c	102	−1	gQ5c	—	3.5

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
165	53	Coronation 25c	68	+3	†Q34c	2.1	‡
130	68	Falcon Rh. 50c	103	+8	Q35c	ф	—
25	9	Rhod'n Corp. 16⅔p	14	+1	0.56	6.0	6.1
195	120	Roan Cons. K4	135	......	—	—	—
178	140	Tanganyika 50p	152xd	......	Q10.0	0.8	6.6
70	65	Do. Pref. 80p	70	......	Q9	10.2	10.7
54	25	Wankie Col. Rh.1	45	+2	Q7½c	ф	12.1
46	16	Zam. Cpr. SBD0.24	17	......	—	—	—

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
33	18	Acmex 25c	22	......	—	—	—
323	132	A. M. and S. 50c	240	......	ф†Q7c	1.5	2.3
165	96	Bougainville 50 Toea	121	+1	Q10c	ф	6.5
235	110	BH South 50c	110	−3	—	—	—
75	15	G.M. Kalgoorlie $1	20	......	—	—	—
106	58	Hamptn Areas 5p	78	+2	1.3	5.0	2.6
86	31	Metals Ex. 50c	31	−3	—	—	—
24	12	Metramar 20c	22	......	—	—	—
294	200	M.I.M. Hldgs. 50c	205	−1	Q4½c	1.8	1.7
105	25	Mount Lyell 25c	30	......	—	—	—
3	2	Newmetal 10c	2½	......	—	—	—
113	69	North B. Hill 50c	100	−1	Q9c	1.3	7.0
9	5	Nth. Kalgurli	5	......	—	—	—
112	65	Oakbridge $A1	94	+1	Q9c	1.5	7.6
36	14	Pacific Copper 25c	22	......	—	—	—
£19½	725	Pancont'l 25c	825	+25	—	—	—
17	9	Paringa M&Ex. 5p	9	......	—	—	—
492	345	Peko-Wallsend 50c	360	−10	Q15c	ф	3.3
300	60	Poseidon 20c	75#	......	—	—	—
13	6	Vultan Min. 50c	6	......	—	—	—
9	4	Westmex 10c	5	......	—	—	—
*199	127	Westn. Mining 50c	145	−5	Q5c	1.3	2.7
75	36	Whim Creek 20c	55	......	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
45	28	Amal. Nigeria	32	......	0.93	0.9	4.5
340	160	Ayer Hitam SM1	325	−2	23.0	ф	10.9
32½	17	Beralt Tin	29½xd	......	Z4.0	2.8	20.9
415	315	Berjuntai SM25	385	......	Q$M1.5	ф	9.7
18	12	Bz Lands 10p	12	......	1.0	1.7	12.8
265	155	Geevor	230	......	5.0	—	3.3
14	6	Gold & Base 12½p	9	......	—	—	—
250	170	Gopeng Cons.	227	−3	†11.0	1.3	7.5
80	64	Hongkong	72	......	—	—	—
70	56	Idris 10p	60	......	7.15	1.5	19.3
7½	6	Jantar 12½p	6	......	—	—	—
42	31	Kamunting 15p	36	......	‡7.0	1.2	‡
260	135	Killinghall	260	......	Q50.0	1.2	19.2
240	168	Malay Dredging	210xd	−3	11.0	ф	8.1
38	20	ΔPahang	27#	......	Q2.5	ф	‡
55	40	Pengkalen 10p	48	......	‡7.0	1.5	‡
135	104	Petaling SM1	135	......	Q12½c	—	2.3
46	19	Saint Piran	40	......	1.25	2.5	4.8
100	64	South Kinta (10p)	72	−1	7.5	0.6	16.0
200	105	Sthn. Malayan	173xd	......	11.8	ф	10.5
46	31	Sungei Besi SM1	42	......	—	—	—
42	29	Sungei Way SM1	42	......	ZQ10	—	5.9
48	40	Tanjong 15p	40	......	4.64	0.9	17.8
52	40	Tongkah Hrbr. SM1	42	......	Q16.92%	ф	‡
110	58	Tronoh SM1	101	−1	†4.29	2.0	6.5

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
85	35	Botswana RST R2	45	−1	—	—	—
335	155	Messina R0.50	170	−5	†Q35c	1.9	14.9

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	9	......	0.1	ф	1.8
35½	15½	Charterhall 5p	21	+½	—	—	—
990	550	Cons. Murch. 10c	620	......	†Q80c	1.8	9.3
350	245	Northgate C$1	330	......	—	—	—
239	132	R.T.Z.	159	+3	g5.96	2.1	5.8
112	67	Sabina Inds. C$1	71	+1	—	—	—
£15⅞	£10	Tara Exptn. $1	£12¾	......	—	—	—
45	32½	Tehidy Minerals 10p	38	......	†h1.08	ф	4.4
145	84	Yukon Cons. C$1	115	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ф Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♯ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES

Friday November 19 1976

Israel ready to respond on Sadat peace offer

BY OUR FOREIGN STAFF

ISRAEL IS drawing up a response to President Sadat of Egypt's statement that he was prepared to sign a peace agreement in return for withdrawal from all occupied territories and the establishment of a Palestinian State in them.

His proposal is to be discussed at Sunday's weekly Cabinet meeting amid a growing realisation that Egypt, Syria and the Palestinian Liberation Organisation are mounting a co-ordinated political campaign in preparation for a resumption of U.S. efforts to mediate after Mr. Jimmy Carter's inauguration.

Initially, Mr. Sadat's proposal was treated with scepticism by the leading—and divided—triumvirate in the Israeli Government made up of Mr. Yitzhak Rabin, the Premier, Mr. Yigal Allon, the Foreign Minister and Mr. Shimon Peres, Minister of Defence.

The tendency in official circles is still to dismiss President Sadat's statement as a propaganda ploy but the need for a positive reaction is now fully appreciated by Israel's leadership.

One major question—the Israelis want to clear up is Mr. Sadat's definition of a "peace agreement."

The Israeli Government now seems to feel that a deal of potentially historic significance may have been struck at the restricted summit of Arab leaders at Riyadh which preceded the full-scale summit last month.

The agreement by Syria, Egypt and the PLO on a Lebanese peace settlement appears to have been the basis of another understanding—namely that the mainstream of the Palestinian resistance movement would suspend hostilities against Israel and pursue a peaceful settlement aimed at the establishment of a State on the West Bank and in the Gaza Strip.

Speaking on TV on Wednesday night Mr. Rabin stated unequivocally his readiness to meet President Sadat without preconditions. His assertion was widely welcomed in Israel.

According to official circles in Tel Aviv yesterday, Israel has already transmitted its proposals through "the correct diplomatic channels"—in other words Washington — but was still awaiting an answer

This apparently was a reference to the message sent to President Sadat via the U.S. Administration seven months ago in which Israel offered "far-reaching territorial withdrawal" in exchange for an "end to the state of war."

Yesterday at the UN Mr. Chaim Herzog, Israeli Ambassador, accepted the challenge made by Jordan in the same forum the previous evening in expressing readiness to begin negotiations. But he made no reference to the condition that "the inalienable rights of the Palestinians are restored."

U.S. State Department officials and Israeli diplomats in Washington say that the Israeli and Egyptian Governments have exchanged views on a Middle East peace settlement through two delegations of Congressmen who have just visited Cairo and Jerusalem.

The Israeli Government is not convinced that President Sadat means "peace," as opposed to non-belligerence.

Equally Israel would prefer—and may insist—on bilateral negotiations with Egypt and Syria. Mr. Rabin remains reluctant to take part in a Geneva conference aimed at a comprehensive settlement.

Meanwhile, the general Israeli relief that Dr. Henry Kissinger, who brought about the disengagement agreements with Egypt and Syria, is on his way out with President Ford may be short-lived.

Dr. Kissinger has let it be known that, while he would not want to be employed as mediator, he is more than ready to advise Mr. Jimmy Carter and the President-elect's Secretary of State on the Middle East. Mr. Carter and Dr. Kissinger are meeting to-morrow.

Beirut airport to reopen Page 5

Kissinger offer, Page 4

Bank bid to check MLR decline

By Peter Riddell, Economics Correspondent

MINIMUM Lending Rate may fall to-day by quarter of a point from its present 15 per cent. The Bank of England yesterday intervened in the money market to prevent a steeper decline.

The outcome this afternoon will depend on the market's reaction to last night's announcement of the reimposition of the corset—which effectively will curtail the growth of bank lending—and exchange control changes.

The news came after hours in Europe, but in New York sterling moved sharply higher in active trading with an increase of up to 2¼ cents on the London close at $1.6840.

A slight check to the recent strength of sterling occurred earlier as some profit-taking and speculation about a possible fall in interest rates led to a closing fall in London of 10 points to $1.6590 after a range of $1.6375 to $1.6692¼.

The closing London rate was 3.20 cents higher on the week so far. The weighted depreciation has narrowed from 46.3 per cent. to 44.8 per cent. in the last four days.

The strength of sterling has been an important influence behind the advances in the gilt-edged market. A further rise yesterday meant that a selling price was at last established for the new long tap Treasury 15¼ per cent., 1996, though there was little business. There was speculation in the market about the possible announcement to-day of a new short tap with a 1981 date.

Treasury bill rates have been signalling a possible fall in MLR this afternoon of half a point or more, but the Bank of England made it quite clear yesterday that this would not be welcome.

The indication that the authorities would like to see any fall come in gradual steps of quarter of a point was given when the Bank lent a "moderate" amount for one week at MLR to 11 or 12 discount houses.

This was taken by the market as a sign that while the authorities wanted to avoid too steep a fall, a cut of a quarter of a point in the MLR would not be discouraged if this was indicated by money market rates under the usual formula.

THE LEX COLUMN

Squeezing out the private sector

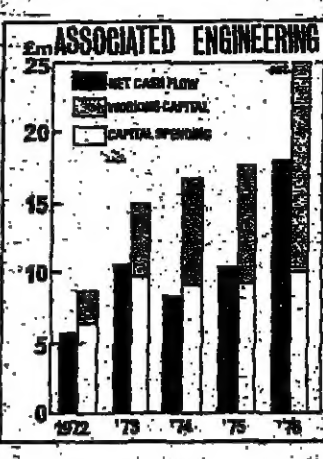
Stage one of the Government's monetary restabilisation programme — involving the hikes in MLR and the massive gilt-edged sales effort—is more or less completed. Now comes stage two with the return of the banking "corset" which—as on its first appearance in December 1973—arrives just over a month after MLR reached a new peak. On precedent, interest rates should now start to ease; last time, MLR fell by a quarter-point three weeks after the corset was imposed, and a declining trend was established over many months. But on this occasion the specified growth of interest-bearing eligible liabilities is only 3 per cent. over six months, against 8 per cent. Inevitably, the authorities are having to make a savage attack on the expansion of bank lending to the private sector in order to keep within the 12 per cent. money supply (M3) growth target for the current financial year.

It seems that the money supply figures appearing next Monday will show growth in M3 of between ¾ and 1 per cent. despite the massive gilt sales during the banking month to mid-October. This will leave only about 2 per cent. to spare over the next five months (though November, at least, was good). Now the banks have to cope with a 3 per cent. ceiling on growth of IBELS of which 2.8 points had already been used up by mid-October. The ban on overseas sterling finance will bring resources back into the U.K., but even so the banks are going to be looking very carefully at their lending commitments in the months ahead.

What is worrying is that such credit curbs should have been imposed when the latest third quarter GDP figures show the economy has risen little more than 1 per cent. from its cyclical low whereas in December 1973 the comparable gain was around 8¼ per cent. This is crowding out in earnest.

At least the Treasury Bill tender to-day could trigger an early reduction in MLR. Gilts should live happily enough with the corset; but after a 52-point rise in just over three weeks there may be some froth to be blown off equities.

Index rose 5.9 to 317.0



Beecham

Beecham's profits took off in the second half of 1975-76, and the pattern has extended through the first six months of the current year, with a rise from £35.6m. to £55.4m. pre-tax. Currency movements explain £4.8m. of the increase, and the main momentum has come from the pharmaceutical side which is up from three-fifths to nearly two-thirds of the profits total.

The U.S. has been the biggest single growth market, and the European division has also done well: sales in Japan seem to have hit a temporary plateau. Now that overall profit margins have climbed back above the level of the early 1970s, there is an obvious question mark over the rate of growth from now on. But the pharmaceutical side, which produces much higher returns than the consumer side, is a considerably larger proportion of profits than it was a few years ago. Moreover volume growth apparently explains a sizeable part of the 31 per cent. sales rise so far this year. Beecham remains confident about the scope for further increases in its markets, and price increases are still coming through regularly.

Subject to the sterling rate, profits for the year could rise from £91.2m. to £120m.-£130m., leaving the shares at 340p on a p/e of under 8. The big constraint, of course, is the prospective yield of just 2¾ per cent. At least Beecham seems aware of the problem: given its mounting cash balances (up another £30m. or more this year) it must be thinking about whether a U.K. acquisition could provide a solution.

Assoc. Engineering

Associated Engineering is going back for its second rights issue within 18 months, and third in nine years—and on paper it has a reasonable case. Profits are growing much faster than anticipated, with a "further significant increase" expected to follow a rise from £13.7m. to around £21m. pre-tax in the year just ended. The return on capital employed has climbed to 24 per cent. In addition the group has a good products story—in diesel engine components—and ambitious expansion plans. Capital spending is scheduled to reach £35m. over the next two years, which is roughly double the recent rate.

However AE admits that financial constraints have resulted in under investment in the past. Inflation is a continuing drain on the balance sheet since stocks are only turned over about four times a year. And the profits progress has not been due to any overall growth in volume, but rather changes in the sales pattern in favour of the higher return areas. That is obviously something for which the management deserves full credit. But it is a game which the other component manufacturers are also playing very hard indeed.

Booker/Kinloch

Booker McConnell has bought 8¼ per cent. of Kinloch (Provision Merchants) in the market over the past year or so, and is now proposing to offer 20p per share cash (£10¾m.) for the rest—provided it gets agreement at Board level. This represents quite a price for a business with earnings for the last reported 12 months of 1p per share, and net assets of about 18p. However, Kinloch has cash balances of about £3m. plus a disposable property worth several million. And it would almost double the size of Booker's existing U.K. food distribution interests overnight. Its shares have been relatively strong for some time past and, to judge by recent experience, a bid premium of 48 per cent. on the market price is not by itself a clincher. Kinloch's likely reaction is an open question.

New watch urged on capital markets

By Michael Lafferty

A NEW City regulatory body, similar to the Takeover Panel but with a wider supervisory role, was urged last night by Nicholas Goodison, the Stock Exchange's chairman.

Repeating a suggestion he first mooted in a speech last month, Mr. Goodison said that such a body should be set up by the financial institutions. He told the Manchester Society of Chartered Accountants that the Stock Exchange was under the aegis of the Bank of England, studying what developments were necessary to improve supervision of the capital markets and their users.

Greater co-operation between the various bodies in the securities industry was "a natural development of what we have been doing and working towards for many years."

Highlighting the close and vital links between the Stock Exchange and the accountancy profession, he said that the Exchange relied heavily on the auditing skills of accountants in supervising the conduct of member firms and of listed companies.

Voluntary

Mr. Goodison's proposed voluntary supervisory body follows last month's announcement by Mr. Edmund Dell, the Trade Secretary, that the Government was not to set up a statutory Securities and Exchange Commission to police the City.

Instead, Mr. Dell said, the present system of self-regulation is to be extended in a number of respects while the Bank of England is to improve its "surveillance" of the securities industry.

Although discussions about City supervision have been going on for some time no firm proposals or terms of reference for any new regulatory body appear yet to have been circulated.

In particular, it remains to be seen how any new organisation would fit in with the structure of the City Panel on Takeovers and Mergers.

Deal on date issue could revive Rhodesia talks

BY DAVID EGLI — GENEVA, Nov. 18.

NEGOTIATIONS ON the structure of an interim government for Rhodesia, the basic purpose of the talks here, are expected to get underway to-morrow with the participation of all delegations.

The Patriotic Front, which until now had refused to move on this question until the date of independence was settled to its satisfaction, is to give a formal and largely positive response to Britain's deadlock-breaking concession of a target date for the conclusion of the conference here on December 20.

This offer—combined with assurances that the new deadline would not change Britain's pledge of independence by March 1, 1978, at the latest—was made earlier to-day by Mr. Ivor Richard, the conference chairman.

Initial reaction to this combined offer in the delegation of Mr. Joshua Nkomo was favourable, but as discussions within the Patriotic Front continued for much of the day, there were no sure indications of whether Mr. Robert Mugabe would fall into line.

The Front, however, has now been provided with what appears to be an unequivocal response to the argument that, until a terminal date was set for the talks here, the whole process leading towards independence could be prolonged through stalling tactics by the white Rhodesians.

The response of the Front, to be delivered to-morrow, will call for the elimination of the phrase in Mr. Richard's initial proposal which links the independence date to the assumption that the conference would be concluded by the end of this month.

It is understood that no other major changes are being proposed, and Britain is not expected to raise any objections to this modification.

Mr. Richard has now, in effect, gone back on his position that no less than 15 months was necessary to ensure the smooth change-over to black majority rule and the transfer of power to an elected government.

While there was some surprise here that he immediately indicated Britain's willingness to reduce the transitional period by nearly a month, rather than hold this as a further negotiating card, it is felt that this was inspired by the urgent need to get the conference back on course as soon as possible or risk a final break-down.

Although Bishop Muzorewa would appear to have been content to pursue talks on structures with the Front delegation sitting on the sidelines, there would have been little point in continuing such an exercise in terms of Rhodesia's future.

Mr. Richard must also be aware that his preliminary discussions on such matters with only two of the nationalist delegations had been taken about as far as they could safely go without a further and serious deterioration in the atmosphere here.

The pressures on the Patriotic Front, which have been building up over the past few days, apparently came to a head to-day with the arrival in Geneva of the Foreign Ministers of Angola and Mozambique. Despite the more radical stance of their Governments, they are believed to have been urging a more flexible approach on the part of the Patriotic Front.

Meanwhile, more pressure for letting the talks move forward has come from the observers of the other front-line States.

Besides humane considerations, an escalation of the guerilla war could hardly be expected to produce significant results within a short time.

Carter Hawley Hale regrets House of Fraser deal

BY JAY PALMER — NEW YORK, Nov. 18.

CARTER Hawley Hale, the U.S. store chain which bought a 20.5 per cent. equity stake in House of Fraser in 1974, has admitted that the purchase was a mistake.

"If we had the investment to make over again, we would not have made it," Mr. Edward Carter, chairman of the California based company, told New York securities analysts.

"In the short-term we do not look smart."

Mr. Carter insisted that his company had no intention of selling its British investment. But he did calculate that a sale now would cost about $19m. in reduced group profit.

Carter Hawley's jaundiced view of its Fraser investment seems to end for the time being speculation that the aggressive and fast-expanding U.S. group might increase its equity stake and take over direct management control.

Carter Hawley originally agreed to buy a 20 per cent. holding in House of Fraser from Scottish and Universal Investments at 142½p a share in March, 1974. In July of that year a further agreement was reached whereby Carter Hawley was given the option to buy a further 3.1 per cent. at 60p a share.

The terms were revised in October, 1974 and Carter Hawley eventually bought 17.5 per cent. of House of Fraser at 121½p a share. With purchases through the stock market this brought the holding up to 20.5 per cent. The deal was for a cash payment of £25.8m.

House of Fraser said at the time the alteration in the terms was made "in light of changes in the economic climate which have taken place since the original agreement was signed and the general financial uncertainties which exist to-day."

These latest comments from Carter Hawley's chairman come at a particularly bad time for Sir Hugh Fraser, chairman of House of Fraser and Scottish and Universal Investments (Suits) and also a director of Carter Hawley.

In August this year it was revealed that £4.7m. of loans made by Suits appeared in the 1974-75 accounts as cash. This emerged when £4.2m. of the loans were written off in the results for the year ending March, 1976. It also came to light that directors, including Sir Hugh, had made substantial sales of their personal holdings prior to this disclosure.

Sir Hugh has since resigned as managing director of Suits. He has accepted full responsibility for the loans.

The auditors, Touche Ross, have resigned because of their failure to spot hte error. The Institute of Chartered Accountants of Scotland is conducting an inquiry into Touche Ross and three chartered accountants who are Suits directors.

Continued from Page 1

Squeeze

the funds switched from present foreign borrowing. The aim of the new exchange controls is to stop banks in the U.K. from providing sterling finance for trade carried out outside this country but involving overseas sterling area countries.

They also terminate the use by U.K. merchants of official exchange to finance trade between third countries. The move will bring a substantial once-for-all inflow of foreign currency as drawings under present facilities are repaid. It is also expected to help protect the exchange rate at times of pressure in the future.

The changes follow recent signs that this form of finance had been growing, partly as a result of the widening of the forward discount on sterling which had made it attractive to finance trade in this currency.

The move will have no impact on money supply, but it will help to reduce domestic credit expansion which is also of interest to the IMF.

It was explained that it was felt to be no longer appropriate with recent developments in bank lending and the exchange market for sterling finance to be provided from the U.K. for third country trade.

Cost of forest fires tops £1m.

More than 4,500 acres of forest worth over £1m. were lost because of fire during the long summer drought, the Forestry Commission said yesterday. The value of the loss is the highest in the Commission's 57-year history.

Weather

U.K. TO-DAY

FOG AND FROST in most areas early and late. Sunny spells.

London, S.E. England, E. Anglia
Cloudy, mainly dry; some rain on coasts. Max. 10C (50F).

Cent. S., S.W. England, E. Midlands, Channel Is.
Fog, frost early and late; sunny spells. Max. 10C (50F).

E., N.E., Cent. N., N.W. England, Wales, W. Midlands, Lakes, I. of Man, Borders, S.W. Scotland, Edinburgh, Dundee, Glasgow, N. Ireland
Fog, frost early and late, persisting in some parts. Sunny spells. Max. 9C (48F).

Aberdeen, Highlands, Moray Firth, N.E. Scotland, Argyll
Moderate frost, valley fog early. Sunny spells.

Outlook: Occasional showers. Dry in S. Becoming colder.

Lighting-up: London 16.36, Manchester 16.37, Glasgow 16.34.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	22	72	Manchestr	C	10	50
Amsterdm	C	8	48	Melbourne	R	10	50
Athens	F	18	64	Mexico C.	S	19	66
Barcelona	S	12	64	Milan	Fg	6	43
Belfast	C	10	50	Montreal	R	3	37
Belgrade	C	6	43	Moscow	C	−2	28
Berlin	C	5	41	Munich	S	4	39
Birmingham	C	9	48	Newcastle	C	8	46
Bristol	C	9	42	New York	S	11	52
Brussels	C	8	46	Oslo	C	−3	27
Budapest	C	7	45	Paris	F	7	45
B. Aires	S	23	73	Perth	S	19	66
Cairo	S	27	81	Prague	R	4	39
Cardiff	Dr	9	48	Reykjavik	C	6	43
Cologne	C	8	46	Rio de J'o	S	30	86
Copenhagn	C	6	43	Rome	F	17	63
Dublin	C	11	52	Singapore	S	26	79
Edinburgh	C	8	46	Stockhlm	Fg	−1	30
Frankfurt	C	9	48	Strasbourg	S	7	45
Geneva	C	5	41	Sydney	S	18	64
Glasgow	F	8	46	Tehran	S	15	59
Helsinki	Fg	−1	30	Tel Aviv	S	24	75
Hong Kong	S	16	61	Tokyo	C	13	55
Jo'burg	S	27	81	Toronto	C	5	41
Lisbon	S	11	47	Vienna	C	6	43
London	C	11	52	Warsaw	R	4	39
Luxemb'g	C	6	43	Zurich	F	4	39
Madrid	S	12	54				

HOLIDAY RESORTS

Ajaccio	S	16	61	Jersey	C	7	45
Algiers	C	16	61	Las Palmas	S	20	68
Biarritz	C	13	55	Locarno	S	8	46
Blackpool	C	10	50	Majorca	F	15	59
Bordeaux	C	11	52	Malaga	S	16	61
Boulogne	C	9	48	Malta	T	13	55
Casablnca	S	15	59	Nairobi	S	24	75
Cape Tn.	C	19	66	Naples	F	12	54
Corfu	R	17	63	Nice	S	15	59
Dubrovnik	R	15	59	Nicosia	S	23	73
Faro	S	15	59	Oporto	S	17	63
Florence	S	14	57	Rhodes	S	20	68
Funchal	F	19	66	Salzburg	C	4	39
Gibraltar	F	16	61	Tangier	S	18	64
Guernsey	C	11	52	Tenerife	S	17	63
Innsbruck	F	5	41	Tunis	T	16	61
Inverness	F	7	45	Valencia	S	17	63
I. of Man	C	10	50	Venice	S	11	52
Istanbul	R	13	55				

S—Sunny. F—Fair. C—Cloudy. Fg—Fog. Dr—Drizzle. R—Rain. T—Thunderstorm.

Tory leadership reshuffle expected to-day

BY RICHARD EVANS, LOBBY EDITOR

MRS MARGARET THATCHER, the Conservative Leader, will announce a substantial reshuffle of the Shadow Cabinet and of the Tory Front Bench team to-day, before the start of the new Parliamentary session next Wednesday.

The intention is to retire some of the older or less successful members of the Shadow Cabinet and introduce fresh blood from the back benches to weld together a more effective, aggressive team before the next General Election.

There has been a substantial degree of criticism from Tory supporters in the country about the effectiveness of the Shadow Cabinet, although Mrs. Thatcher is invariably excluded from the sniping.

This has lessended in recent weeks, after Tory by-election successes and the party's widening lead in the opinion polls, but Mrs. Thatcher clearly feels it an ideal time for a change.

A widespread view among Tory MPs is that Mr. Reginald Maudling will be retired from his post of Shadow Foreign Secretary to the back benches. He received a particularly cool reception at the Brighton party conference.

Advancement could be in prospect for Mr. Michael Heseltine, the energetic Industry Spokesman, Mr. Patrick Jenkin, and Mr. John Biffen.

Great interest will inevitably centre on whether Mrs. Thatcher chooses any more of Mr. Heath's close political colleagues, particularly Mr. Peter Walker, who is anxious to return to the Front Bench. There is no prospect that Mr. Heath will return to the Shadow Cabinet.

Spain to have a Parliament

BY ROGER MATTHEWS — MADRID, Nov. 18.

THE SPANISH Government won its battle to-night within the régime over constitutional reform, but at the cost of concessions likely to be strongly opposed by Left-wing parties.

After three days of debate the Cortes voted 425-59 with 13 abstentions, for the Government's amended draft law. This is well over the required two-thirds majority. Sr. Adolfo Suarez, the Prime Minister smiled broadly as the decision was announced.

The law provides for direct elections by universal suffrage to a new two-tier Parliament that will replace the Cortes, a mainly appointed chamber which acted as a rubber stamp for the decisions of the late Gen. Franco.

The new Upper House, or senate, will be elected on the basis of four members a province, giving King Juan Carlos the right to appoint up to a fifth of the chamber. There will be simple majority voting.

Tense negotiations between the Government and its Right-wing opponents in the Cortes were centred to-day on the method of election for the Lower House. Eventually a compromise was reached between the wish of the Government for proportional representation and the demand from a significant number of deputies for a simple majority system.

Although the vital electoral law has yet to be drawn up it was agreed that the proportional representation scheme would be modified to prevent too many parties gaining access to the Lower House, and that a certain number of members would be allotted to each province.

The size of the Government's victory is an indication of the confidence felt by many of the more Right-wing members of the Cortes that they have achieved the best possible terms for facing the electorate.

King Juan Carlos is expected to announce shortly a national referendum on the issue, probably on December 12 or December 19. Sr. Suarez had warned privately that if the Cortes did not provide the necessary majority for the legislation, he would ask the King to dissolve the Chamber and go straight to a referendum.

However, neither the Government nor the Popular Alliance, a recently-formed party headed by six ex-Ministers who control an important number of the Cortes's votes, wanted to call the others' bluff. The Popular Alliance had threatened to abstain from voting unless some of its demands on electoral procedures were met.

Tonight's decision will limit the amount of manoeuvre the Government will have in future conversations with Left-wing parties over the content of the electoral law. Resistance in the Cortes to-day was at one time strengthened by reports that these talks would be held immediately after the reform law was approved.

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